

Sustainability Report 2024



About this report

Reporting boundaries

This Sustainability Report provides an overview of Vaalco Energy, Inc.'s ("Vaalco" or "the Group") 2024 sustainability performance, from January 1, 2024 to December 31, 2024, unless otherwise stated.

The disclosure includes 100% of emissions from all assets where we have operational or financial control, unless otherwise specified. Operational control comprises our assets in Canada, Equatorial Guinea, and Gabon and exploration in Côte d'Ivoire (recently acquired in 2025), and we hold financial control of fields in Egypt. In addition, we have Joint Venture (JV) participation in an operating asset in Côte d'Ivoire where our emissions are reported on an equity share basis.

Where we make reference to future assessments that may influence and/or impact our business, the time horizons we apply are defined as follows: short term is the reported year, medium term is 2–5 years, and long term is 5+ years, unless otherwise stated.

Reporting standards

The report is informed by the Sustainability Accounting Standards Board (SASB) Oil and Gas Exploration and Production Standard (Version 2023-12). The business has continued to develop its disclosure on climate-related risks and opportunities, in line with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).

In 2025, Vaalco received a rating of A (on a scale of AAA to CCC) in the MSCI ESG Ratings assessment.



This report represents a good faith effort by Vaalco to provide transparent information for our stakeholders on our policies, initiatives and programs through ESG reporting despite significant unknown variables. We caution that the information in this report is approximate, these statements and information reflect our current plans and aspirations and are not guarantees of future performance, nor promises that our commitments (or goals) will be met, and are subject to numerous and evolving risks and uncertainties that we may not be able to predict or assess. In some cases, we may determine to adjust or abandon our commitments (or goals) or establish new ones to reflect changes in our business, operations or plans.

This report includes statements regarding various policies, procedures, processes, systems, programs, initiatives, assessments, technologies, practices, and similar measures related to our operations (collectively, "policies and procedures"). Statements about these policies and procedures do not represent guarantees or promises about their efficacy or continued implementation or use, or any assurance that they will apply in every case.

The information included in, and any issues identified as material for purposes of, this report is not an indication that this information or statements related thereto are material to the Group, our operations, business, strategy, or financial performance, or to our investors or stakeholders, for purposes of our U.S. Securities and Exchange Commission (SEC) or other mandatory reporting purposes, or that they require disclosure in our filings with the SEC. In the context of this disclosure, the term "material" is distinct from, and should not be confused with, such term as defined for SEC or other mandatory reporting purposes.

Any reference to a third-party organization within this publication does not constitute or imply an endorsement by us of any or all of the positions or activities of such organization. Any website references are included for convenience only, and we assume no liability for third-party content contained on the referenced websites.

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A letter from our Chairman

Dear Stakeholders,

This year marked another significant milestone for our business as we expanded our portfolio to Côte d'Ivoire through the acquisition of Svenska Petroleum Exploration AB (Svenska), further solidifying our presence in West Africa.



**Our employees
propel our
success."**

As our business has grown through strategic acquisitions, we have been standardizing our processes and establishing a clear Group identity. To reflect this ambition and our expanding business, we launched our new branding this year, refreshing our approach and unveiling a new website that showcases our expertise and values.

At Vaalco, the safety and wellbeing of our employees remain paramount. I am pleased to report our strong health and safety performance this year, a testament to our unwavering commitment to a safe working environment.

We recognize our responsibility to the countries in which we operate. We are proud to support various local organizations and charities in each country, contributing to the wellbeing of the local communities.

Furthermore, as a responsible corporate entity, we contribute significantly through income taxes, totaling \$72 million, supporting essential public services.

We are advancing on our decarbonization pathway and we continue to report in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This includes mitigating climate-related risks and seizing any opportunities, as we implement strategies to reduce carbon emissions across our operations.

We recognize that environmental stewardship is not just a responsibility, but a key driver of our long-term success.

This report outlines our progress in these key areas and our ongoing commitment to creating a sustainable future for Vaalco and the communities we serve.

Andrew L. Fawthrop
Chairman

About us

Vaalco, founded in 1985 and incorporated under the laws of Delaware, is an independent energy company headquartered in Texas, USA, with production, development, and exploration assets in Africa and Canada.

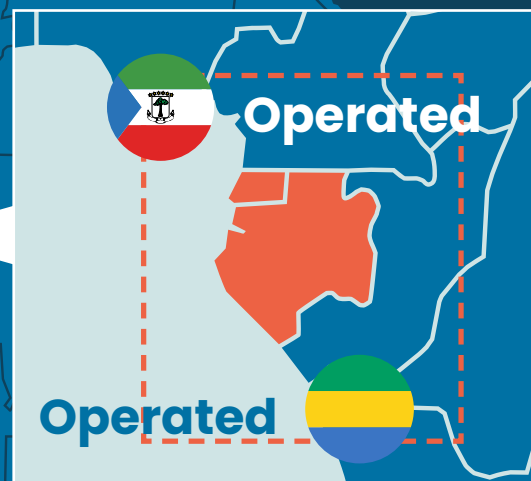
Vaalco owns a diverse portfolio of operated production, development, and exploration assets across Gabon, Egypt, Equatorial Guinea, Canada, and Côte d'Ivoire.

A growing, diversified footprint in Africa

Operated and JV Agreement



JV Agreement



Full-cycle portfolio with material production and cash flows

Critical mass of operations with running room for growth

Highly capable subsurface/technical, operational, and business development teams supporting growth

2024

Corporate Highlights

Strategically expanded West African focus area with accretive acquisition in Côte d'Ivoire, a well-established and investment-friendly country

Increased year-end 2024 Vaalco proved reserves by 57% to 45.0 MMBOE (net)

Reported net income of \$58.5 million (\$0.56 per diluted share) and net cash from operating activities of \$113.7 million

Generated record adjusted EBITDAX of \$303.0 million

Grew production by 3% year-over-year to 24,738 working interest 'WI' BOEPD

Returned \$33 million to shareholders in 2024 and \$83.4 million over the past two years through dividends and buybacks



Supported by high quality Canadian acreage

Majority operated assets

Significant near-term growth potential through large drilling inventory

Highly cash generative in current price environment

Our vision, strategy, and values



Our vision

A leading diversified independent African-focused E&P business creating shareholder value and furthering stakeholder engagement through responsible operations across our portfolio. We aim to deliver value by maximizing our production performance and by leveraging our in-house talent, operational infrastructure, and technical expertise to achieve scale by organic and inorganic means.



Our strategy

Our strategy is to utilize our technical expertise and operational infrastructure, with a focus on developing our resources and expanding into new development opportunities in Africa. Our growth will come from a mixture of organic and inorganic opportunities.



Our values

Corporate transparency: We seek to operate at the highest standards of corporate governance and act in a transparent and open way across our operations, and throughout our corporate structure.

Stakeholder engagement: We believe in regularly communicating with all our stakeholders, maintaining trust and respect. As part of this, we aim to communicate, collaborate, and drive effective change whenever possible.

Efficient and effective performance: We will, as an operator, continue to work in an effective, efficient, and safe manner, providing training and guidance throughout our organization. We seek to empower our workforce and better ourselves every day.

Local integration: We believe in engaging and integrating with the local communities in which we work. We seek to operate in a manner that creates economic and social opportunities that last beyond our operational lifetime and to maximize local employment opportunities.

Responsible operations: We believe in creating a global business that is responsible not only for the environment, but also for the local stakeholders who we work with every day, and which allows us to create a positive impact in the communities in which we work.

Commercial integrity: We seek to act with integrity and in an open manner, allocating contracts through a fair and transparent process in accordance with our business principles. We are committed to maintaining effective systems across our business to ensure integrity.

A letter from our CEO

Dear Stakeholders,

I am pleased to present Vaalco's 2024 Sustainability Report, reflecting our ongoing commitment to responsible operations and sustainable growth. This year has been marked by strategic advancements, while ensuring we continue to operate with integrity and contribute positively to the communities in which we work.

Strategically expanding our West African footprint, we completed the acquisition of Svenska in Côte d'Ivoire in April 2024. This acquisition provides a sizeable producing asset with significant upside potential and future development opportunities in a well-established and investment-friendly country.



**Operating in Gabon
continues to be a
privilege."**



3.6 million

working hours LTI-free in Egypt

Building on this momentum, in Q1 2025, we announced that Vaalco will become the operator of an offshore block in Côte d'Ivoire, holding a 70% working interest and a 100% paying interest.

In 2024, we also saw significant brand evolution. We launched a new logo, brand colors, and typography, reflecting the energy and dynamism of our growing company and team. Our new website serves as a central hub for our operations, showcasing our expertise and providing greater transparency for our stakeholders. A key element of our success lies in our people. This year, we strategically restructured our country-level management, welcoming new Country Managers in Côte d'Ivoire, Egypt, and Equatorial Guinea. These changes have already proven instrumental in bringing a fresh perspective and heightened focus on process safety across our operating jurisdictions.

We remain deeply committed to supporting the communities that host our operations. In Egypt, through the JV, we have financed vital upgrades to local schools and organized medical support to improve access to healthcare. In Gabon, through our Production Sharing Contract and Vaalco CSR Fund, we have supported numerous projects, including funding for children's charities, the refurbishment of the University of Masuku buildings, and the construction of a technical training center. Furthermore, we continue to support various charities and community projects in Canada, Equatorial Guinea, and the USA, demonstrating our commitment to making a difference wherever we operate.

Recognizing the importance of environmental stewardship, we are actively pursuing a decarbonization pathway. Working with a leading consultancy, we have completed the first three phases of this initiative: reviewing and validating our emissions position, identifying opportunities and creating an action plan, and building a comprehensive decarbonization road map.

We are now taking concrete steps toward implementing this road map as part of our long-term planning process to continue reducing our environmental impact.

Our commitment to Health, Safety, Security, and Environment (HSSE) remains paramount. I am proud to report that our Egypt operations (inclusive of JV operations) exceeded 3.6 million working hours without a Lost Time Incident (LTI), and the Côte d'Ivoire operations have achieved 1,308 days LTI-free. We developed and launched a multilingual HSSE e-Handbook on our Group's SharePoint and upgraded our Safety Observation System with a QR code option for easier reporting. An Equatorial Guinea security assessment is also underway.

This year we conducted an external audit which reviewed the Group's processes and procedures relating to Environmental, Social, Health, and Safety (ESHS). The report confirmed that the Group manages ESHS effectively, with the requisite competencies and experience among management and staff and a clear commitment to operating responsibly. While the audit recognized our strong processes, it also identified areas for improvement at the operational level. As a result, we have already implemented new policies and procedures and are undertaking an enterprise-wide risk management process to create a Corporate Risk Register that captures material risks across all operating locations.

As we move forward, Vaalco remains dedicated to sustainable growth, responsible operations, and creating value for all our stakeholders. We are confident that our strategic initiatives, coupled with our unwavering commitment to our core values, will position us for continued success in the years to come.

George Maxwell
Chief Executive Officer

Operations

Côte d'Ivoire

On April 30, 2024, after receiving regulatory and government approvals, Vaalco completed the acquisition of Svenska. Through the acquisition Vaalco acquired a 27.4% non-operated working interest in Block CI-40, offshore Côte d'Ivoire, containing the deepwater producing Baobab field and the significant Kossipo discovery. Vaalco has a presence in-country including a Country Manager.

The primary asset is operated by Canadian Natural Resources (CNR), a large, experienced E&P business based in Calgary. The FPSO is operated by MODEC, which has a strong record on HSSE performance and in 2024 reached 1,000 days since its last Lost Time Injury (LTI). Monthly emissions reports are received by Vaalco, tracking tCO₂e and carbon emissions intensity for Scope 1, and there is no routine flaring. Oil in water overboard is well within the regulatory limits.

Asset integrity is a key focus, and the FPSO is scheduled to be taken offline in early 2025 and sailed to a shipyard for planned maintenance and upgrades with a return to production expected in 2026. There are procedures in place to responsibly remove and dispose of any contaminants and waste material, including asbestos, residue, and naturally occurring radioactive material (NORM).

Canada

In Harmattan, in Alberta, Canada, we hold production and working interests in Cardium light oil and Mannville liquids-rich gas assets. This property extracts oil and associated natural gas from zones within the Lower Mannville and Rock Creek formations.

The Canadian operations are led by the Country Manager and team in our Calgary office, while field operations are conducted by direct hire contractors that the business holds long-standing relationships with.





Egypt

In Egypt, we are the non-operating partner with Egyptian General Petroleum Corporation (EGPC) in a joint venture, PetroBakr. Our interest spans two regions: the Eastern Desert, encompassing the West Gharib, West Bakr, and North West Gharib merged concessions, and the Western Desert, which includes the South Ghazalat concession.

Vaalco employees are seconded into PetroBakr JV in the key functions, while outside of the JV, we appointed a new Country Manager in 2024 who is supported by a team of 25. In addition, we have built out the subsurface team to allow for improved exploitation of these assets.

Equatorial Guinea

Vaalco holds a 60% working interest in, and is the operator of Block P, located offshore Equatorial Guinea. Block P contains the Venus field development opportunity, along with further material contingent and prospective resources. In 2024, Vaalco finalized the Joint Operating Agreement for the previously approved Venus-Block P plan of development (POD).

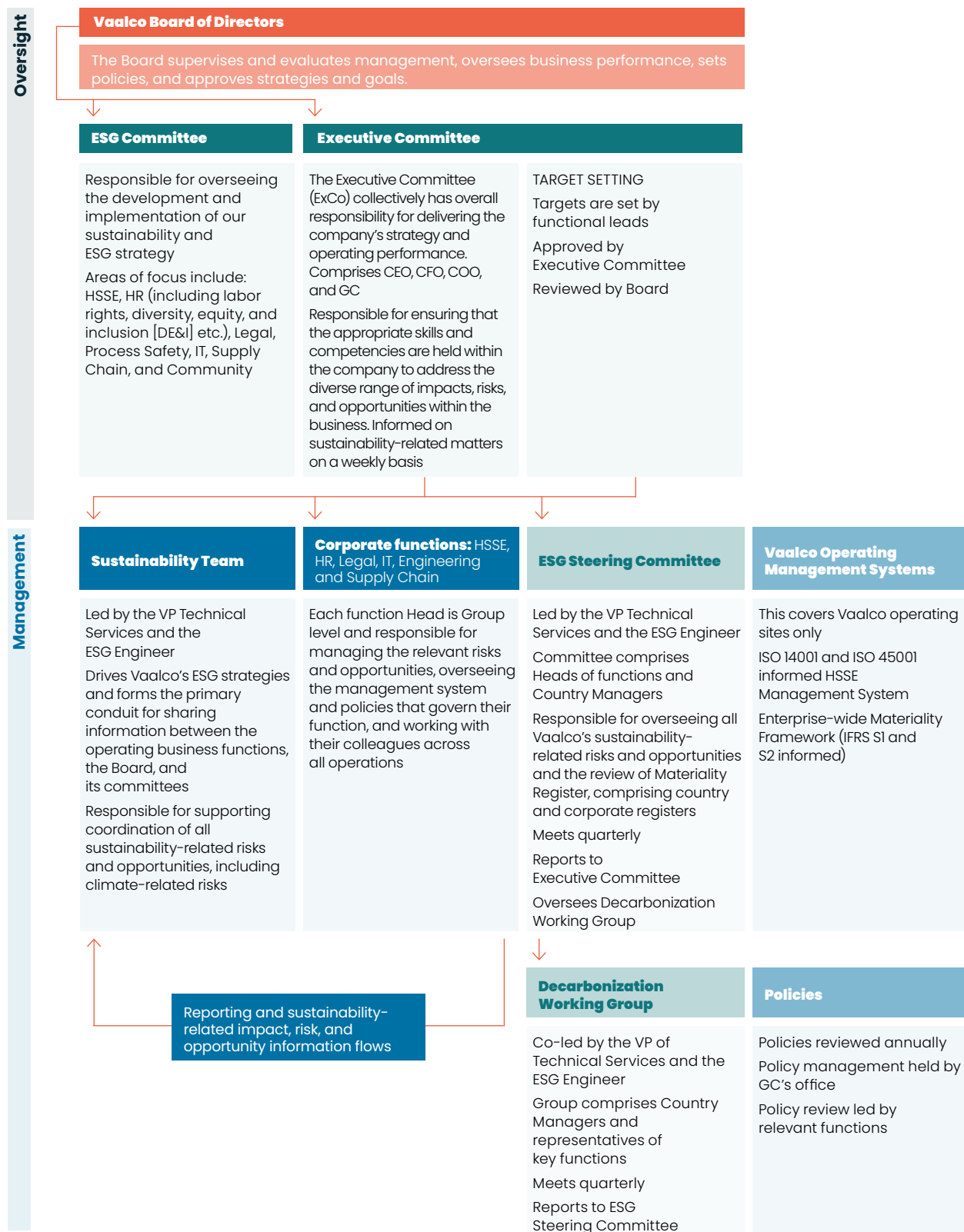
Vaalco has a presence in-country and in 2024 appointed a new Country Manager with experience in Equatorial Guinea and a strong track record of delivery within the business. We have established relationships with our key stakeholders, including the Minister of Hydrocarbons, and have engaged with local communities to deliver on CSR commitments.

Vaalco has also actively engaged with its partners and the Ministry for the secondment of key national personnel into its project teams.

Gabon

Vaalco holds a 58.8% working interest in, and operates, the Etame Marin block, located offshore Gabon. In October 2022, Vaalco successfully completed its transition to a Floating Storage and Offloading vessel (FSO) and related field reconfiguration processes. The next phase of drilling is planned to begin mid-2025. Our Country Manager is a Gabonese national and is supported by a large in-country team, both onshore and offshore.

Managing sustainability



Board oversight

The Board is actively engaged in assessing and understanding Vaalco's response to sustainability-related matters, including climate-related risks and opportunities, relevant to the business and the industry more broadly, which we believe is important when considering our strategic plans.

The Board maintains this oversight of all sustainability activities through the ESG Committee, including reviewing progress of Vaalco's decarbonization strategy. The Board comprises a broad set of skills that are essential to understanding and responding to sustainability-related risks and opportunities, including extensive operational, technical, and engineering expertise that enables close scrutiny of our decarbonization strategy.

The ESG Committee seeks regular briefings from consultants, lawyers, accountants, and other corporate advisors during the year, pertaining to climate-related risks and opportunities.

The Board is kept informed of progress via briefings delivered at each Board meeting. In 2024, these briefings detailed updates on the decarbonization road map, the introduction of the HSSE Handbook, and HSSE performance.

Management oversight (operating)

Responsibility for consideration of sustainability-related matters sits with the CEO. Our CEO is responsible for overseeing the identification, assessment, and management planning of identified climate-related risks and opportunities.

The CFO provides input and direction on the pace and level of financial investments associated with the Group's sustainability effort. The CFO sits on the ESG Steering Committee, as does the General Counsel.

The COO retains authority for the pace, progress, and performance of the Group's overall sustainability effort. The COO is on the Group's Executive Team and regularly briefs other team members on sustainability-related topics.

In 2024 we hired an ESG Engineer who has a wealth of technical experience in sustainability, including Environmental Impact Assessments (EIAs) and sustainability due diligence, and who supports the VP of Technical Services in leading the Sustainability Team.

HSSE

Our Group-level Director of HSSE, based in Houston, provides global oversight of HSSE, with personnel in Egypt and onshore and offshore in Gabon.

Canada operates under a different model where most work is executed by contractors. As such, the Operations Manager oversees HSSE matters in close collaboration with the Houston team, supported by a robust contractor management process which was implemented this year and is overseen by the local HSSE Administrator.

The HSSE Committee, chaired by the Director of HSSE, covers performance, discusses forward-looking initiatives, and defines goals and targets. This year, we launched our new Global HSSE Handbook (available on our website), which sets the standards for achieving a safe working environment in all our operating locations.

Process safety

Process safety management (PSM) is an important part of how we operate and integral to our ability to prevent and minimize the impact of unwanted events, keep people safe, and protect the environment. In order to enhance our management in this area, we have established our principles of process safety management. We are now working to embed these principles through our Group policies and standards.

This global approach to PSM will continue to be communicated at the country level, where our corporate functions will work with Country Managers and Operations Managers to ensure both consistent global alignment and continual improvement.

Managing sustainability

Supply chain

Our Group-level Supply Chain Director leads a global team, including personnel in Egypt and Gabon. Supply chain management (SCM) representation in Canada is limited to Houston oversight and strategy formulation due to the utilization of regional expert agency agreements that deliver contracting and procurement. However, the Supply Chain Director maintains close contact with Canada and ensures all compliance and procurement processes are followed. Weekly global team meetings are held and the Supply Chain Director reports into the COO as well as the Board of Directors at the quarterly meetings.

People

Our VP Human Resources leads our HR team, including HR Managers in both Egypt and Gabon. There is no HR function in Canada due to the small size of the team, and it is instead managed remotely from Houston. The VP has weekly meetings with the team in Houston, and fortnightly meetings with the global team. The VP reports into the CEO as required, and Egypt and Gabon provide HR data to Houston on a monthly basis.

IT and data security

To strengthen the cybersecurity of our growing business, in 2024 we introduced a Group-level Director of IT who leads our global IT team. Personnel are in each active operating location—Canada, Egypt, and Gabon—and report into both the Country Managers and Director of IT. The Director of IT meets regularly with the CFO to keep the Executive Team and Board apprised of cyber risk.

Legal

The legal function is managed at Group level by the General Counsel, supported by the Deputy General Counsel. To stay up to date with the local legislations, both current and proposed, Vaalco uses local counsel who report to the Group on an ad hoc basis to address local issues where required.

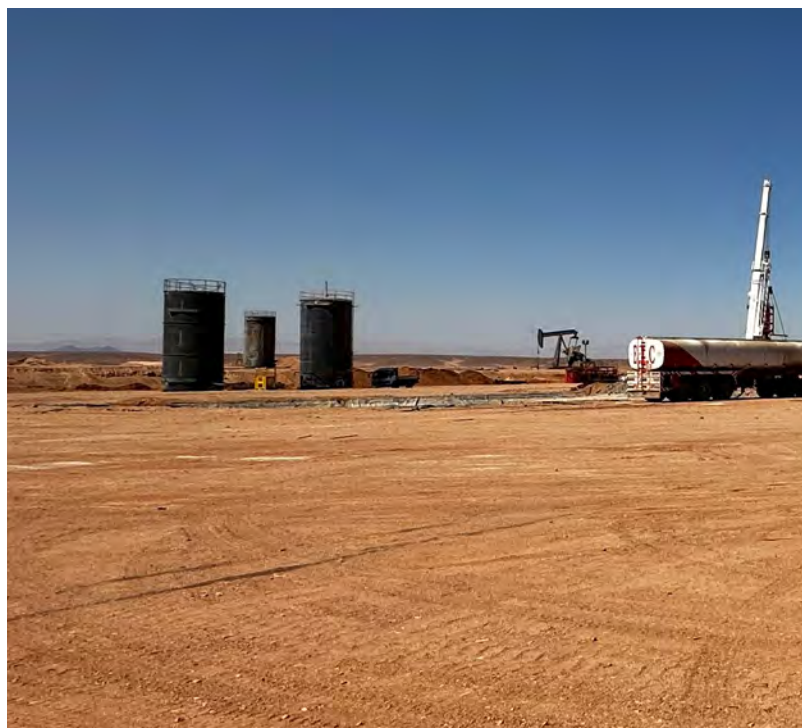
Climate change

In 2024 we engaged an outside consultant to assist with developing a road map for decarbonization to achieve Group-initiated short-, medium-, and long-term goals.

The Decarbonization Working Group maintains technical and operational focus for identifying decarbonization projects and executing these projects.

The ESG Steering Committee—comprising a cross section of functional and country leadership—maintains comprehensive oversight of sustainability initiatives including the decarbonization workstreams.

The Committee reports to the Board, including decarbonization opportunities identified and risks identified and analyzed.



Management oversight (non-operating)

Within Egypt, we are the non-operating partner with Egyptian General Petroleum Corporation (EGPC) for sustainability reporting. Together we are invested in PetroBakr, the in-country operator. In 2024, we appointed a new Egyptian Country Manager with extensive experience in the oil and gas industry to lead our team outside of the JV.

Vaalco employees are seconded into PetroBakr in the key functions, including a JV General Manager (GM) and JV Deputy GM, in addition to the other secondees, to work alongside their EGPC counterparts, offering full support to the operating entity and bringing extensive skills and experience to the business.

The JV GM and secondees attend every PetroBakr morning call, which includes the production engineers and the field team, to ensure that the Vaalco team remains fully apprised of day-to-day operations.

This is critical as Vaalco must have oversight in order to act in its advisory role, assessing actions and providing recommendations, as well as applying business integrity standards when activating its financial approval authority.

There are nine Directors on the PetroBakr Board, four of whom are employees: the Country Manager, Finance Manager, JV GM, and JV Deputy GM. PetroBakr holds quarterly Board meetings, covering all aspects of the JV including drilling, project execution, production forecast, HSSE, and financials. Twice annually we meet with the EGPC team to review all these aspects.

We are also a non-operating partner in Block CI-40 in Côte d'Ivoire. To maintain oversight on these operations, Vaalco management attend regular Technical Committee and Operating Committee meetings for the JV where key performance metrics are reported. We also track and maintain our own reporting for this asset.

Furthermore, we have seconded Vaalco personnel within key JV project teams in order to provide additional support to those activities.



Risk management

The Group General Counsel has oversight of all legislative risks, including climate-related risks, and is supported by outside counsel in Vaalco's jurisdictions of operation. We retain Burson Buchanan, our sustainability advisors, to provide ongoing monitoring services.

Existing and emerging legislation is considered a risk by the business, at both asset and corporate level. The Group tracks all legislative risks and reports them as part of its annual reporting.

This year Petrenel, an international energy consultancy, conducted an assessment of the Group's ESHS processes and procedures. This included a review of our policies, objectives, codes, standards, and manuals. Where gaps were highlighted, the business was able to close out the majority of these, while taking forward a number of key actions to complete over the next 12 months. This included creation of an Enterprise-wide Risk Management (ERM) process.

As such, an ERM exercise was undertaken in partnership with a third-party consultant. The objective was to create a Group Risk Register for all operating locations with a view to enhancing corporate visibility of risk exposure and to establish the ERM procedures for monitoring and updating the register on a regular basis.

The exercise was informed by industry practices and was completed in collaboration with the country management in each location. It included a holistic review of operational, health and safety, climate, compliance, economic, financial, security, and reputational risks.

The exercise culminated in the creation of a risk register derived from the calculation of the severity, likelihood, and potential mitigations for all risks. This exercise formed the basis of a continuous risk assessment procedure at Vaalco.

Our Country Managers are responsible for awareness and landscape scanning of sustainability risks, including climate-related risks, specific to the country they are operating within. Oversight of Vaalco's risk assessment and risk management is a Board responsibility. The Board exercises its oversight responsibility for risk assessment and risk management directly and through its committees and this role includes receiving reports from its committees, members of senior management, and third parties on areas of potential material risk to Vaalco, and to the success of a particular project.

The Board, or appropriate Board committee, also regularly receives reports from management to enable the Board (or committee) to assess Vaalco's risk identification, risk management, and risk mitigation strategies. When a report is vetted at the committee level, the chair of that committee thereafter reports on the matter to the Board.

Significant risks and strategies are discussed at the Board's annual strategic planning meeting. The Board regularly discusses the strategic priorities of Vaalco and the risks to successful execution of its strategy, including global economic and other significant trends, as well as changes in the energy industry and regulatory initiatives.

In addition to receiving and discussing reports from management in strategic planning sessions, Vaalco will invite third-party experts to present to the Board on short- and long-term risks facing the Group.



Stakeholder engagement

Our continued success as a business is dependent on fostering productive relationships with our stakeholders.

Regular communication helps us deal with any issues that arise efficiently and with minimum impact upon our operations.

	Why we engage	What we engage on	How we engage
Employees	To ensure employees feel motivated and supported in their roles, it is critical that we communicate well and engage regularly with our teams.	Employee security, health, safety, and wellness Fair working conditions and wages Talent attraction, retention, and growth Workplace diversity and inclusion	Group-wide Town Halls Team meetings College of Delegates (employee forum in Gabon) Performance appraisals
Local communities	While we operate in sparsely populated areas or offshore locations, cultivating strong relationships with local communities and meeting their expectations is critical in supporting our social license to operate.	Contribution to and promotion of local development around production sites Spill prevention and response	Meeting with community leaders Communicating operating plans with local residents
Lease owners	In Canada, it is important to our continued operation that we communicate clearly with the lease owners, ensuring they are aware of operations.	Lease agreements Royalty payments New drilling plans	In-person visits Phone calls
Local, provincial & federal governments	We must have governmental approval for our operations, and, therefore, maintaining open and honest lines of communication is crucial. Regular communication helps us deal with any issues that arise efficiently and with minimum impact upon our operations.	Tax and local economic development Compliance	Regular meetings Letters
Regulators	Our oil and gas operations are subject to the regulatory requirements of the jurisdictions we operate in. As such, we frequently engage with the regulators in Canada, Egypt, and Gabon and strive to be responsive and transparent in all our communications.	Compliance	Respond to questions from the regulator Submit required documentation Seek guidance on regulatory requirements Inspections of facilities by regulators
JV partners	To facilitate effective management of the assets in Egypt and Côte d'Ivoire, it is important we work hand in hand with our JV partners in both countries, sharing our expertise and experience.	Transparency and accountability to stakeholders Process safety Spill prevention and response	9 Vaalco employees seconded into PetroBakr Daily JV meetings Routine technical and operational committee meetings Finance and capital allocation review meetings

	Why we engage	What we engage on	How we engage
Partners	In Canada, we send raw gas to the plants owned and operated by third parties and need to communicate on volume forecast, revenue, and cost allocations. We also engage with third parties who send production to our facilities and on plans for new development on joint opportunities.	Business ethics and integrity	Phone calls and emails
Suppliers & contractors	To make sure that we are only engaging reputable third parties to work alongside, we screen all potential vendors and contractors. This includes suppliers that are put forward by the Gabonese government to complete CSR projects.	Responsible procurement and supply chain management Human rights in supply chain Process safety	Due diligence processes
Investors	It is important that we keep our shareholders informed of the Group's performance, enabling them to fulfill their stewardship role. We also seek feedback on our reporting from investors, to ensure we are disclosing in line with their expectations.	Responsible leadership and governance Business ethics and integrity	Annual General Meeting (AGM) Annual and interim reports and press releases Investor presentations Earnings calls Direct investor engagement
Independent ratings agencies & proxy firms	We communicate with ratings agencies and proxy firms to make sure they are receiving accurate information about our sustainability management and performance.	Transparency and accountability to stakeholders	Responding to requests for information
Industry associations	In Gabon, we are members of UPEGA (Union Pétrolière Gabonaise—Association of Petroleum Companies), the local trade association that represents the interests of our industry.	Addressing industry opportunities and challenges	Assistant Deputy General attends UPEGA meetings HR Director liaises with UPEGA regularly

Climate risk and resilience



Climate change

Highlights

Conducted a physical and transition risk assessment for all global operating regions

Explored new opportunities for decarbonization of operations

At Vaalco, we understand the dual challenge of meeting global energy demands while mitigating the risks of climate change.

We acknowledge the IPCC's findings and support the Paris Agreement's goal of limiting global temperature increases.

We are committed to a balanced approach by providing reliable and affordable energy to our host nations while actively working to decarbonize our operations, reduce costs, and innovating for a more sustainable future.

This section includes our disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).



Strategy

With oil and gas assets onshore in Canada and Egypt, offshore Gabon and Equatorial Guinea, and non-operated interest offshore Côte d'Ivoire, our business faces both risks and opportunities as a result of climate change and our ability to adapt and respond to it.

We consider both enterprise-wide risks and opportunities to the business as well as considering the unique characteristics of each operating location both at local and national level.

We consider climate-related risks and opportunities under the two broad headings of physical risk and transition risk. Physical risk can be divided into two types: acute risks from increased severity of extreme weather events such as storms and floods, and increased incidence of wildfires and other climate-related emergencies; and chronic risks from changes in precipitation patterns, extreme variability in weather, rising mean temperatures, rising sea levels, and increased incidence and intensity of droughts.

Transition risk, meanwhile, refers to the actual and potential impacts of risks associated with the energy transition on our business, strategy, and financial planning. These risks are generally considered under four headings suggested by the TCFD—Policy and Legal, Technology, Market, and Reputation—and this is the approach taken in carrying out our own climate risk assessment.



Strategy

Transition risk assessment

The Board and Management Team commissioned a comprehensive climate risk report to capture the transitional risks posed in each country of operation, as well as other relevant climate-related matters that may impact our commercial and corporate activities, including a range of UK, EU, and US regulation.

The following table includes the net zero commitment, climate-related legislation and regulation,, and status of carbon taxes in each of our operating locations. We are also aware of climate-related litigation against entities within the energy sector specifically in North American jurisdictions, which we will continue to monitor.

	Net zero Commitment <small>Source: UNDP and Nationally Determined Contributions (NDCs)</small>	Climate-related legislation and regulation	Climate-related litigation <small>Source: Climate Case Chart</small>
Canada	Reduce emissions by 40–45% below 2005 levels by 2030. At COP28, Canada introduced a series of new emissions regulations, including a focus on methane, that will financially impact the industry. The aim is to reduce upstream methane emissions by 75% by 2030.	Adoption of Nationally Determined Contribution (NDC) target as a legal target enforces stringent practice of accountability. Significant legislation, e.g., the Oil and Gas Emissions Cap, alongside others, is expected to be enforced in near-term.	Federal and provincial carbon tax. Carbon tax per tonne of CO ₂ e to increase to C\$170 by 2030.
Côte d'Ivoire	Côte d'Ivoire's updated NDC, submitted in 2022, targets a 30.41% greenhouse gas emissions reduction by 2030 compared to business as usual, while stating the potential to reach a 98.95% reduction with international support.	A new Climate Change Law proposes the establishment of a National Climate Agency and paves the way for carbon market mechanisms. Reinforcing this commitment, the government created the Carbon Market Bureau (BMC) by Decree No. 2024-658 on August 1, 2024.	There is no explicit carbon tax or an emissions trading system. However, the country does collect taxes on energy, such as an excise tax on oil products.
Egypt	The country is yet to set absolute targets for emissions reductions in Egypt's second NDC. Specifically for the associated gases subsector, it targets a 65% reduction of the projected business as usual scenario in 2030, contingent on external support.	Limited at present. Of note that following reviews of fossil fuel subsidies, there has been a sharp reduction in its application.	There is currently no overt carbon taxation mechanism.
Equatorial Guinea	Equatorial Guinea submitted its revised NDC in October 2022. During the revision process, UNDP has assisted the government in updating its greenhouse gas inventory, aligning the NDC with the Sustainable Development Goals and reviewing legal frameworks. This support also included guidance on renewable energy policies and capacity strengthening of national institutions engaged in the NDC enhancement and implementation.	Limited at present, with no overt focus on the oil and gas industry.	There is currently no carbon taxation mechanism.
Gabon	Through its second NDC, Gabon unconditionally commits to remaining a carbon-neutral country up to and beyond 2050. With international support, the country pledges to continue to act as a "net carbon sink" by maintaining its net carbon absorption of at least 100 million tCO ₂ e per year beyond 2050. The adaptation component has been enhanced, expanding its sectoral coverage and elaborating new measures and actions.	Yes. 2022 decision to maintain carbon neutrality. Methane MRV framework for the oil and gas industry being proposed. Gabon endorses the World Bank's Zero Routine Flaring by 2030.	There is currently no carbon taxation mechanism. The country is developing a carbon credit mechanism that the business is monitoring.



Strategy

Transition risk table

	Type	Potential impact on Vaalco	Timeframe	Vaalco controls and mitigants
Market	Reduced demand for our oil and gas	Meeting net zero ambitions, as set out in the Paris Agreement, requires global demand for oil and gas to decline sharply, which could affect our ability to sell our products. Many industry commentators suggest peak oil at 2030. If oil and gas demand is to fall in line with global decarbonization goals, from 2030, there could be a negative impact on the valuation of our assets and share price, and raise fears of our longer-term production becoming stranded, which has potential to accelerate repayments on any outstanding debt. Recent market analysis by globally significant commodity traders suggests that while we may see peak oil demand in 2030, it is going to plateau at over 100mmb/d till 2040.	Medium term and long term	<ul style="list-style-type: none"> • We run very conservative investment models and finance models when considering the long-term viability of our current assets, as well as those we are considering as part of our strategic growth ambitions. • We conduct quantitative scenario analysis on an annual basis using the IEA's pricing models to ensure the completeness of our assessment. We continue to monitor this to provide confidence over the long-term investment horizons of our assets.
	Increased cost of capital	Restricted availability of debt and/or equity financing could impact the ability to fund acquisitions and/or to fully develop existing assets in an optimal timeframe.	Medium term and long term	<ul style="list-style-type: none"> • Deliver transparent, robust Greenhouse Gas (GHG) emissions disclosures. • GHG mitigation incorporated into funding model. • Prudent financial management—we are debt free, and presently have a self-funded capital strategy. • Working on the ESG due diligence program through ERM development and responding to actionable observations. • Decarbonization program led by our COO, VP of Technical Services, and engineering department, with support from a globally significant consulting group. • Focus on designing cost-effective reduction strategies.
Policy	Placing a cost on carbon	<p>The imposition of carbon taxes has the potential to materially impact Vaalco financially. A Canadian carbon tax was first established in 2016, set at C\$65/tCO₂e for 2023, rising C\$15/year to 2030 to C\$170/tCO₂e. During 2023, and underlined at COP28, is a strong focus:</p> <ol style="list-style-type: none"> 1. Methane management and reduction, with accountability ensured by the launch of MethaneSat tool. 2. Eradication of routine flaring by 2030. <p>The Canadian government released new methane reduction regulations for the oil and gas sector, extending support for previously disclosed plans to reduce upstream methane emissions by 75% by 2030 (up from an interim goal of 40–45% by 2025). This will apply to onshore upstream, midstream, and transmission facilities and come into effect January 1, 2027, with all facilities obligated to fully comply by 2030.</p>	Medium term and long term	<ul style="list-style-type: none"> • Use of long-term oil price assumptions that consider the demand effects of global carbon taxation. • Ongoing efforts to decarbonize operations. Ongoing monitoring of policy and legislation development in countries of interest. • Engaging with marketing and commodities traders to understand the potential cost implications. • We are exploring the implementation of decarbonization technologies at the field level. • Increase use of low emissions equipment and contractor services.

Transition risk table (continued)

	Type	Potential impact on Vaalco	Timeframe	Vaalco controls and mitigants
Policy	Placing a cost on carbon (continued)	Introduction of carbon-neutral targets by all relevant national governments could result in increased capex required to manage emissions and curtailed field life if standards cannot be met. We recognize the potential implications of Carbon Border Adjustment Mechanism (CBAM) on where our product goes and the subsequent impact that it could have on profitability.		
	Increased regulation and reporting requirements	The NYSE and LSE are among the global leaders for ESG and climate-related disclosure. The Group also operates in four different jurisdictions on two continents, all of differing regulatory maturity relative to climate change. The failure to meet these expectations may result in fines and impact reputation and future commercial opportunities.	Short term and medium term	<ul style="list-style-type: none"> • Maintain transparency relating to all ESG issues. • Comply with the highest reporting standards. • Ensure continued engagement with external stakeholders.
Technology	Growth of lower-carbon energy products	Growth of renewable energy technologies and improving economics for development and production may increase the speed at which renewables capture market share of the global energy mix and impact on demand for oil and gas.	Medium term and long term	<ul style="list-style-type: none"> • As part of our M&A strategies, we are assessing an increase in gas production within the portfolio.
Litigation/reputation	Stakeholder concern for the industry and increased decarbonization expectations	Increasing expectations for companies to become net zero could mean the Group is at risk of being associated with the negative impacts of climate change.	Short term, medium term, and long term	<ul style="list-style-type: none"> • Our ESG Steering Committee was established for the purpose of identifying where the Group can make reductions in carbon emissions across the portfolio.
	Increase in legal cases being brought against fossil fuel companies	Increased understanding of the link between GHG emissions and physical climate impacts and a growing body of regulation raises litigation risk against O&G companies.	Medium term and long term	<ul style="list-style-type: none"> • Robust compliance management and scanning, supported by sustainability consultancy. • Provision of education packs to support increased awareness among management and Board.

Strategy

Physical risk assessment

We operate onshore and offshore assets in several countries and each location represents a unique physical environment. To understand the climate-related risks for our business, we commissioned a desktop-based physical risk assessment of our portfolio. This was conducted by our sustainability consultant, Burson Buchanan, and included input from the leadership in each operating location.

1. We conducted an assessment of each operating location with desktop tools including: [ENCORE](#), [Aqueduct Water Risk Atlas](#), [IPCC WGI Interactive Atlas](#), [Think Hazard](#), [Climate Impact Explorer](#), [Coastal Risk Screening Tool](#), and [Global Forest Watch](#). This considered the primary physical risks of water stress, flooding, storms, extreme heat, and wildfire, across short-term (to 2030), medium-term (2030–2040), and long-term (beyond 2040) time horizons.
2. The next step was to share the findings with the Country Managers in each jurisdiction. Gathering input from the teams in-country was a critical step, as we recognize both the limitations of these tools at a granular asset level, as well as the difference between the perceived risk versus the realities on the ground, accounting for such variables as the strategic importance of the industry or locations to the government and the investment or direction taken by the Group.
3. Feedback from Country Managers was then considered and incorporated into the climate risk report. The updated findings therefore reflected both the apparent risk and the actual experience at asset level in each country.
4. To ensure these findings inform our Group business strategy and planning, the physical risks were included in the risk assessment conducted as part of our ERM process and included in our Group Risk Register.



Physical risk table

	Type	Potential impact on Vaalco	Timeframe	Vaalco controls and mitigants
Acute	Flooding, heavy rainfall	Indirectly, flash flooding could impact our business by affecting the people in our countries of operation. There is a risk of flash flooding in Egypt, though impacts financially have been immaterial.	Short term, medium term, and Long Term	<ul style="list-style-type: none"> Environmental Management System (EMS) and Emergency Response Plan are designed to deal effectively with any short-term damage or interruptions. All of our main facilities in Egypt have hard infrastructure that channels the water away from the assets.
	High temperatures, temperature variation, drought	<p>Our onshore assets in Egypt operate in challenging conditions. Broad diurnal temperature ranges and high daily maximum temperatures are the key issues in the region.</p> <p>We expect no material direct impacts on our business in Gabon and Equatorial Guinea, however, indirect impacts such as rising mean temperatures could indirectly affect Vaalco in the medium to long term due to potentially impacting the people that make up our workforce, as well as our key suppliers within our value chain, and potentially affect food and resource access due to drought, driving socioeconomic consequences.</p>	Short term, medium term, and Long Term	<ul style="list-style-type: none"> Environmental studies are conducted annually in Egypt, and one focuses on heat—we make sure that people take breaks as necessary. Preparing facilities for more adverse weather conditions in Egypt.
Chronic	Sea-level rise, variable rainfall patterns	In Gabon, we operate offshore so while there would be no direct impacts from sea-level rise to operations, there may be impact to key onshore terminals.	Medium term and long term	<ul style="list-style-type: none"> We conduct a periodic assessment of physical risks to our assets and operations. In Gabon and Equatorial Guinea we are building our awareness into future development programs.
	Drought, water stress	<p>In Canada, most of Vaalco's reserves fall within high and extremely high water stress regions. Our management team considers water and access to it to be an increasing risk for the industry in the short to medium term, which may increase the financial materiality of physical risks to the business. By extension, and linked to the "Increased regulation and reporting requirements" risk identified above, operating businesses are expected to provide increasing disclosure surrounding water usage and recycling efforts. Failure to do so may incur regulatory penalties.</p> <p>In Egypt, we operate in locations that have high water stress. However, our operations are located in regions which are strategically important for Egypt: in the East, where there is a lot of industry, including tourism, and in the West, where there are many other oil and gas operations. Both regions are therefore well supplied by mains water, and the country is investing in desalination plants as well.</p>	Short term, medium term, and Long Term	<ul style="list-style-type: none"> In Canada, we track our water usage, and this data is subsequently reported to the relevant regulatory body. This year, instead of releasing the used water following drilling activities, we stored it, providing our operations with the option of reusing the water for future projects. In Egypt, the management system of the incorporated joint venture is ISO 14001 certified, which closely monitors water use, and we only draw fresh water for potable use and sparingly for well treatment. See "Increased regulation and reporting requirements" controls and mitigants.

Strategy

Business resilience: Scenario analysis

As part of our commitment to transparent and robust climate-related financial disclosures, and in line with the requirements for companies listed on the London Stock Exchange, we have chosen to conduct scenario analysis in accordance with the recommendations of the TCFD.

Scenario analysis is a well-established exercise that enables us to assess and quantify the potential risks and opportunities our business may face under a range of plausible future climate scenarios. This approach allows us to test the resilience of our strategy, inform our risk management and capital allocation decisions, and provide investors and stakeholders with clear, consistent, and decision-useful information.

Methodology

The scenarios considered below are based on the recommendations from TCFD and were used to inform our quantitative scenario analysis. Specifically, we utilized the scenarios established by the International Energy Agency (IEA), as shared in the latest iteration of its World Energy Outlook (2024). We have provided detail on each of these scenarios below.

We evaluated the change in oil prices driven by the energy transition, and its associated impacts on supply and demand.

The **Stated Policies Scenario (STEPS)** reflects the trajectory of the global energy system if only today's existing policies and those already under development are implemented. In this scenario, renewable energy continues its rapid expansion—highlighted by a record 560 GW of new capacity in 2023, much of it in China—while fossil fuel demand peaks before 2030, though coal remains significant in many developing economies.

Despite these gains, the world remains on track for a temperature rise of about 2.4°C by 2100, with current LNG and oil capacity expected to meet demand for years to come, and the pace of clean energy investment reaching around \$1.5 trillion per year by 2030.

The **Announced Pledges Scenario (APS)** assumes that all national climate targets and net-zero pledges are fully implemented on time and in full. This scenario demands a significant ramp-up in clean energy investment to \$2 trillion per year by 2030, accelerates the decline of coal use more quickly than in STEPS, but still features higher gas consumption than the Net Zero scenario. If realized, APS would limit global warming to about 1.7°C, but the gap between this pathway and the current trajectory (STEPS) underscores the need for stronger policy action to turn announced ambitions into reality.

The **Net Zero Emissions by 2050 (NZE)** Scenario charts a normative pathway to achieve net-zero energy sector emissions by 2050, providing a 50% chance of limiting global warming to 1.5°C. This scenario requires an immediate halt to new fossil fuel projects, with 95% of all energy investment directed toward clean technologies by 2035, and mandates universal access to clean cooking and electricity by 2030.

Coal and gas with carbon capture play only a minimal role due to the rapidly falling costs of renewables, and the scenario explicitly connects climate action to energy security by highlighting the growing risks from climate-driven demand spikes, such as increased cooling needs.

Findings

Vaalco takes a conservative approach to developing its management case. The resilience test of our portfolio against the scenarios found that our portfolio will generate value, even under the most demanding NZE scenario.

The impact on operating cash flow of the climate scenarios against the case of Vaalco's management scenario is displayed in the table below, split out over the short-term, medium-term, and long-term time periods.

The scenario suggests that Vaalco would only be negatively impacted in the short term in the NZE scenario, with operating cashflow up in the short term in both the STEPS and Announced Pledges scenarios.

In the medium-term and long-term the analysis suggests that Vaalco would see a negative impact on operating cash flow in most scenarios, although the impact is only significant in the AP and NZE climate scenario over the long-term time horizon.

Certain global commentators (WoodMac and Vitol) see potential “peak oil” in 2030 and plateauing above 100mmbbls/day through 2040.

	Short term (2025–2026)	Medium term (2027–2029)	Long term (2030+)
STEPS			
Announced Pledges			
NZE			

Positive or <=10% impact

10–25% impact

>=25% impact

Opportunities and actions table

Opportunities	
Canada	<p>We pilot-tested nitrogen tanks in 2023 to reduce use of methane, and we have maintained those nitrogen tanks after the success of the pilot.</p> <p>In the previous year we trialed air compressors; we are now exploring the opportunity to add two more compressors, thereby enabling electrification of sites.</p>
Egypt	<p>We have introduced newer, more environmentally friendly power generation units (GenSets) to the field.</p> <p>We completed a tender for field line GenSets, with the stipulation that the new supplier must provide gensets with fewer than 10,000 running hours. This will mean we are utilizing more efficient engines which therefore reduces the emissions produced.</p> <p>We have progressed the electrification project to the point of sanction, with planned implementation in 2025.</p>



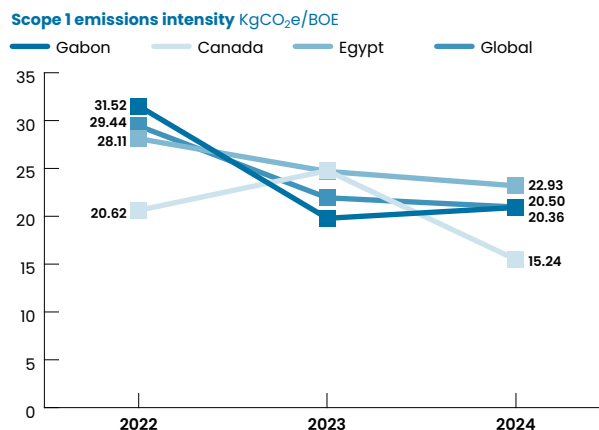
Metrics and targets

Vaalco is still maturing its emissions management and strategy. We are determined to take a robust approach to assessing infrastructure and designing our decarbonization investment strategy.

We will continue to set interim internal targets, while maintaining a long-term commitment to meet global 2050 ambitions in step with society.

These targets will be based on a reduction in our existing asset base, and we will endeavor to clearly communicate any adjustments to our long-term strategy as the business evolves, which may involve the acquisition of new assets. We use the GHG Protocol to calculate carbon emissions.

Since 2022, the Group's Scope 1 emissions intensity has dropped from 29.44 kg CO₂e/BOE to 20.50 kg CO₂e/BOE. The latest figure also represents a decline from the figure of 21.93 kg CO₂e/BOE in 2023. All regions have seen a reduction in emissions intensity since 2022.



	Unit	2023	2024	% change
Scope 1	Metric tons CO ₂ e	250,498	238,862	-4.65%
Scope 2 (purchased electricity)	Metric tons CO ₂ e	4,793	4,278	-10.74%
Scope 1 emissions intensity (Global)	KgCO ₂ e/BOE	21.93	20.50	-6.52%

Accounting metric	Unit	2024
Gross global Scope 1 emissions	Metric tons CO ₂ e	238,862
Stationary facilities Scope 1 emissions	Metric tons CO ₂ e	223,484
Percentage methane	%	43%
Mobile equipment (1) Scope 1 emissions	Metric tons CO ₂ e	15,378
Percentage methane	%	0%
Scope 1 emissions intensity	Kg CO ₂ e/BOE	20.50
Scope 2 emissions (purchased electricity)	Metric tons CO ₂ e	4,278

Accounting metric	Unit	2024
Amount of gross global Scope 1 emissions from:		
Flared hydrocarbons	Metric tons CO ₂ e	36,849
Other combustion	Metric tons CO ₂ e	101,096
Process emissions	Metric tons CO ₂ e	0
Other vented emissions	Metric tons CO ₂ e	80,305
Fugitive emissions	Metric tons CO ₂ e	5,233

Pillar	Requirement	Compliance	Page number
Governance	Describe the Board's oversight of climate-related risks and opportunities.	Compliant	14-15
	Describe management's role in assessing and managing climate-related risks and opportunities.	Compliant	15-18
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Compliant	26-31
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Compliant	26-31
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Compliant	32-33
Risk management	Describe the organization's processes for identifying and assessing climate-related risks.	Compliant	18, 26, 30
	Describe the organization's processes for managing climate-related risks.	Compliant	18, 26-31
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Compliant	18
Metrics and targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Compliant	35
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.	Partial compliance	35
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Partial compliance	35



Safe and sustainable operations





Overview

We continue to improve upon the momentum developed over the last years, which is critical to maintain our HSSE ambitions. This year, we have taken pivotal steps to finalize Vaalco's Group-wide HSSE principles and adopt minimum standardized practices across our operations.

We implemented the Vaalco HSSE Handbook, bringing together all existing policies, procedures, procedural aids, and documents to outline our Group-wide minimum safety standards. This was complemented by a redesigned HSSE SharePoint site; this is a centralized location housing the HSSE Handbook, other related documents, and HSSE performance metrics across the Group and from each operating jurisdiction, and is updated on a regular basis. This repository of information provides guidance to our employees and contractors.

Vaalco is actively working toward alignment with ISO 45001 and ISO 14001 standards, while also integrating the International Association of Oil and Gas Producers (IOGP) recommended practices as part of continuous improvements to our existing HSSE Management System. The Vaalco JV in Egypt has already achieved certifications for both ISO 45001 and ISO 14001, demonstrating operational commitment to these internationally recognized standards. Operations in all other regions remain aligned with the principles of these standards and are progressing toward achieving certifications in the future.

The strategic goal is to create a unified, globally integrated HSSE Management System that adheres to ISO 45001, ISO 14001, and IOGP standards. This system will provide a cohesive framework for managing health, safety, security, and environmental responsibilities across all regions, ensuring a robust and consistent approach to risk management and operational excellence worldwide.

We have introduced a new global online training system that covers and applies to all our operational jurisdictions. This comprehensive system ensures consistency and accessibility across regions, providing a unified framework for training employees and contractors.

To enhance its effectiveness, we have developed a risk-based training plan tailored to the specific risks employees face based on their location and job functions. The system is supported by several regional administrators, who assist local teams with the implementation of the program while also addressing their unique needs and adjusting the system as required.

The new system offers robust capabilities to monitor training progress, providing detailed insights which can be filtered by region, employee type, and the type of training completed. Additionally, it empowers administrators and team leaders to create customized reports, enabling targeted analysis and informed decision-making to improve training outcomes and ensure alignment with our global standards.



We recognize that ease of accessibility can be a significant hurdle in global adoption of policies and procedures. Therefore, improving accessibility has been a priority for us. One key initiative was enhancing our HSSE SharePoint System by integrating all HSSE Management System elements into the SharePoint. This enhancement has simplified navigation, enabled efficient document searches, and will provide users seamless access to multiple services, such as online training, journey management for traveler support, emergency management, and access to regulatory data.

As part of this broader effort in improving accessibility, we upgraded our Safety Observation System this year to improve the ease of logging observations. The system now has a more user-friendly interface, and we have placed QR codes in relevant areas to simplify and hence bolster the reporting procedure. These improvements have significantly increased participation and the number of reports received, particularly in areas with historically low engagement.

Additionally, we incorporated a data management component into this reporting system, enabling us to analyze reported data more effectively. This allows us to identify trends, implement better resolutions, and reduce response times to reported matters, further enhancing the overall effectiveness of our safety initiatives. It also enables us to proactively reward participants by addressing positive observations and suggestions through a structured reward scheme. This approach not only acknowledges and incentivizes proactive behavior, it also fosters a culture of continuous improvement and engagement across the organization. The incident reporting procedure introduced last year has also been updated and this is now a global system which is in use across all locations.

We continue to strengthen and enhance our existing processes, HSSE Management System, and Risk Management elements. This year, we made significant progress following the development of several key documents, including the Business Continuity Plan, Crisis Communication Plan, and Natural Disaster Plan. Furthermore, our existing Emergency Response Plan documents underwent comprehensive revision to ensure that they remained robust and effective.

To support these advancements, a company-wide training initiative is scheduled in the coming year. This initiative will involve all levels of the organization, including executive management, ensuring that relevant personnel are fully prepared to implement these plans effectively. These efforts aim to bolster our business continuity processes, enhance operational preparedness, including integrated Incident Command System (ICS) response, and improve resilience against a variety of risk scenarios.



Overview

Another key focus area this year was the reinforcement of our STOP WORK Authority and implementation of our Life-Saving Rules (LSRs). While our LSRs are fully aligned with those set forth by the IOGP standards, we have enhanced them by introducing an additional rule specific to our offshore operations: The mandatory use of flotation devices when working over water.

This tailored addition underscores our commitment to addressing unique operational risks and upholding the highest standards of safety.

When it comes to personnel safety, we do not compromise. Our comprehensive procedures and rules are meticulously designed to protect lives, empower employees to take proactive safety actions, and foster a culture of accountability and vigilance across all operations.

We are partnered with International SOS (ISOS) who provide us with medical evacuation and transportation to reputable hospitals.

This year, we secured a new insurance provider for our international crews, ensuring the medical expenses of our employees and contractors are now entirely covered. This brings an additional layer of financial security in the event of incidents.

As our operational footprint continues to grow, having maximum visibility of our operators and contractors is key to ensuring safety compliance. To this end we continue to improve journey management processes and leverage ISOS services for enhanced functionality in tracking personnel movements, including in Equatorial Guinea and Côte d'Ivoire.

With our growing operating profile and presence in new jurisdictions, we must also consider our evolving risk exposures. We are conducting a full-scale security assessment for Equatorial Guinea, examining all aspects of security for our future operational locations. We are engaging with the local operators to better understand regional security threats.



Workforce health and safety

Highlights

Launched global HSSE Handbook establishing Group-wide minimum safety standards

Optimized our Safety Observation System

Vaalco's unwavering commitment to ensure our people's safety was exemplified by the significant improvements in Group-wide standards and practices.

By launching the Vaalco HSSE Handbook and the online learning system, we have established our global safety procedures and advanced their Group-wide recognition and adoption.

We recognize that our operating locations have localized and distinct safety risks, hence we adopt tailored approaches and responses to ensure our employees and contractors are both aware of and equipped with the knowledge of their safety-related operating risks and the associated mitigating procedures.

Canada

Each operating environment carries unique safety challenges and requires tailored responses, however, safeguarding employees and contractors remains the foremost priority.

The Operations Manager is responsible for conveying HSSE standards and expectations, with ongoing on-site training ensuring that these are upheld. The leadership team also makes frequent site visits; the Country Manager makes ad hoc visits, while the Operations Manager is in the field on a weekly basis. These visits provide oversight of the operations, including from a safety perspective. The monthly safety meetings and fortnightly production meetings serve as open forums for raising concerns, asking questions, and sharing updates.

The Operations Manager actively participates in the monthly safety meetings, while the Country Manager attends at least twice each year. Frontline leadership visibility is a key facet of our management duties, ensuring a culture of safety, accountability, and trust.

Our Canadian field operations are reliant on direct hire contractors. Our management actively reminds our contractors of their duty to embody Vaalco's values to the best of their abilities when conducting their activities. However, given the long-standing nature of our work with them, and the fact that our operators are local to the region, this working relationship is a key strength of our operations.

Contractors must fully understand and comply with our stated safety procedures. This continues to be the case following the introduction of our new Vaalco HSSE Handbook. As part of our standard meeting between management contractors to lay out the forward-looking goals for the year, including the safety-related audit plan, we also introduced contractors to the Handbook to help familiarize them with its expectations.

We identified contract management as an area for improvement and our Director of HSSE visited Canada this year, liaising with the management to identify potential solutions. As a result, we have engaged the services of a third-party provider offering a cloud-based solution for contractor registration and management. This system includes requests for a more comprehensive set of documents, including HSSE-related documentation.

Additionally, each contractor will be required to complete a detailed questionnaire, which is then thoroughly reviewed by the management team to ensure compliance with our requirements. Crucially, our contractors welcomed the change, and have been fully cooperative as we continue to onboard them onto the system.

Workforce health and safety

We ensure personnel have the necessary tools to maximize safety in their roles. Delivered with the support of a third party, the work alone program encompasses the maintenance and calibration of personal monitors (monitoring H₂S, CO, O₂, and LEL) and the provision of essential safety equipment, including personal protective equipment (PPE) and fire extinguishers. All staff are trained on this program.

Operational staff receive comprehensive training in the Workplace Hazardous Material Information System (WHMIS), first aid, H₂S awareness, and Western Canada Spill Services (WCSS). Scheduled training helps ensure continued compliance. Following the introduction of Observation Cards last year, we continue to share and review their findings during monthly safety meetings.

As a result of the launch of the Group-wide training platform, our staff and operators are now able to access approximately 200 courses relating to occupational health and safety and have the ability to import even more as required. The Operations Manager highlights and assigns key courses that operations staff must complete in the given year, and monitors progress.

Aligned with the Group's efforts toward standardization, Canada's HSSE reporting requirements were reviewed, and are now fully integrated into the Global HSSE Incident Reporting process. We are proud to have maintained a zero reportable incident record since 2016.





Egypt

"In 2024, we were very proud to pass one year LTI and TRI-free, and at the end of the year achieved 3.6m (inclusive of JV operations) working hours LTI and TRI-free. Building on the momentum from last year, we have seen the workforce taking more responsibility and leading on health and safety rather than it being a top-down approach. There is real pride in the workplace."

Ewan Lawson, Operations Manager, Egypt

The efforts of the previous year in achieving a step change in the health and safety culture within the JV were sustained throughout this year and, as a result, we recorded further improvement in safety performance.

During 2024, to effectively align their management systems with their strategies, plans, and operations, PetroBakr developed an Integrated Management system (IMS) and has succeeded in obtaining certificates of registration for the Safety Management system ISO 45001:2018, the Quality Management system ISO 9001:2015, the Environmental Management System 14001:2015, and the Energy Management System 50001:2018.

There has been keen focus on making sure all field personnel, including JV employees, contractors, and subcontractors, are in alignment with our safety values and expectations.

3.6 million

working hours LTI-free in Egypt

Workforce health and safety

The management team plays an active role in this by conducting monthly walkthroughs of field locations, engaging directly with personnel on site, reviewing incidents, monitoring progress against actions, and identifying potential hazards. These walkthroughs are not limited to senior leadership, and other team leaders are encouraged to do the same.

Vaalco's safety procedures include monthly HSSE meetings to communicate training updates. A monthly safety performance data report is created which is also reported quarterly to the EGPC.

The PetroBakr management conducts weekly safety training sessions, toolbox talks, and standdown meetings. Standdown meetings often address lessons learned from incidents at EGPC sister companies. All employees and contractors have stop work authority and this is clearly communicated and is embedded in both Vaalco's and PetroBakr's policies.

PetroBakr has successfully completed a Hygiene Survey conducted by an independent third party, achieving an impressive score of 90%. This accomplishment reflects our ongoing commitment to maintaining the highest standards of hygiene and safety.

To embed our safety culture, key contributors that demonstrate their commitment are acknowledged through a monthly rewards system at Vaalco and PetroBakr, recognizing achievements such as the best safety observations, best driver, and best employee. This initiative has proven effective in motivating employees to actively participate in improving safety practices.

We have commenced development of safety risk profiles for every role, department, and the overall business in Egypt, supported by data collected through last year's field operation assessments. These profiles are maintained and updated regularly to ensure knowledge of role-specific risks is understood and that those risks are mitigated.

All Vaalco employees and those seconded into the JV are now able to access the new global learning system. Each individual is assigned a tailored selection of courses to complete to boost their knowledge and performance. The learning system has an interface in multiple languages including Arabic. An advantage of the system is the flexibility for users to upload the training course of their choice to the system.

The sum of these actions has prompted a change in our day-to-day business. The number of safety observation cards submitted has increased for the second year running. Most impressively, we have witnessed senior field operators conduct safety meetings on their own while other employees have started "black bagging" (choosing an area and picking up litter and debris). These results are reflective of a step change in health and safety and are indicative of a conscientious culture.

This year, a third party conducted a comprehensive safety culture survey across all employees and contractors. The survey included written responses as well as one-on-one meetings with both leadership and frontline workers to ensure a thorough understanding of safety perspectives at all levels of the organization.

The results showed significant progress compared to two years ago. Using a scale that measures safety culture maturity—from pathological to reactive, calculative, proactive, and generative—we have now achieved a "proactive" rating. This marks a considerable improvement in occupational health and safety awareness, particularly among PetroBakr employees, who previously scored as "reactive." This advancement underscores our ongoing commitment to fostering a strong, safety-oriented workplace culture.

Gabon

The introduction of a new Operations Manager and the refinement of team roles and responsibilities in Gabon have refreshed our focus on health and safety in the country. This was further reinforced by the introduction of the HSSE Handbook, which is available to all employees in both English and French.

In 2024, we enhanced our Permit to Work system and implemented further improvements to our Emergency Response Plans and business continuity preparedness. These efforts have been further reinforced through focused training of our teams.

In addition to the daily tracking of all occupational safety data, we closely manage and monitor the deployment of boats and helicopters in the field. For material transportation by boat, we ensure that proper lifting certifications are in place and that all items are safely loaded onto and stored in the vessels and seafastened. Helicopter transit is carefully coordinated, with pilots receiving schedules well in advance to ensure smooth and safe operations.



Process safety

Highlights

Migrated legacy maintenance management system onto our new enterprise resource planning (ERP) system

Robust oil spill response plans to minimize impact if event occurs

Maintain critical incident response procedures at all locations

In the oil and gas industry, safety is of utmost importance, and this is reflected in our robust approach. Grounded in proactive risk management, our program prioritizes safety, integrity, and reliability across our global operations, while ensuring adherence to industry best practices and regulatory standards.

Process Safety is a cornerstone of our company's approach to risk management and an essential component of our overall safety culture. Thus, a key aspect of our HSSE Management System is the integration of a robust process safety system.

This system is meticulously designed to address the intricate details of our operations, focusing on the design, operation, and maintenance of processes and facilities. Its primary objective is to ensure the integrity of our systems, equipment, and procedures to prevent catastrophic incidents.

Our Process Safety System is comprehensive, addressing all key elements of our operations, including risk assessments, process design, equipment integrity checks, maintenance practices, emergency preparedness protocols, and management of change procedures.

This system not only emphasizes technical excellence but also fosters collaboration across disciplines, with engineering and HSSE teams working shoulder to shoulder to ensure risks are addressed at both operational and process levels.

This year, we advanced our commitment to process safety by migrating our maintenance management system, Maximo, into Vaalco's new ERP system. The ERP system consolidates all work plans, including tasks on platforms and schedules for shutdown works, and includes visualization functionalities. This integration enhances our ability to manage maintenance effectively, ensuring the reliability of critical systems and reducing downtime.

By embedding these elements into our operations, we promote the safety and wellbeing of our workforce and stakeholders while upholding our commitment to environmental stewardship and sustainable practices. This integrated approach not only helps prevent incidents but also drives operational excellence, aligning with our core values and long-term goals.

Leadership and governance

Senior leadership sets the tone for safety, ensuring it is a top priority throughout the organization. It establishes goals and performance measures, ensures there is accountability for implementation, and regularly reviews the performance of the Group's PSM program, including changes to policy, objectives, and elements in the program identified during routine auditing.

Management across the Group is responsible for establishing a management system to eliminate or minimize risk to all employees and others who have exposed to hazards associated with our activities or operations. This includes implementing, maintaining, and continually improving Vaalco's management system.

Line managers are responsible for activities which include checking that individuals are qualified for their specific role, properly trained, fit for their specific assignment, and are monitored routinely to ensure safe work and practices are followed.

Employees and contractors are individually responsible and accountable for following safe work practices, notifying management of unsafe conditions (including personal fatigue) that would prevent them from performing their duties safely, and any other possible Stop Work issues.

Vaalco is committed to ensuring clarity and coherence in policies and practices.

Risk management

We employ rigorous methodologies, such as Hazard and Operability (HAZOP) studies and Layers of Protection Analysis (LOPA), to systematically identify and mitigate process safety hazards. Effective risk control requires the implementation and verification of appropriate prevention and mitigation measures.

When determining controls or making changes to existing controls, risks are reduced by adhering to the following hierarchy:

Elimination

Substitution

Engineering controls

Administrative controls

Personal protective equipment

Process safety information

Accurate documentation provides essential knowledge for safe operation and maintenance. Processes and procedures are defined, established, and consistently maintained to facilitate continuous hazard identification and risk assessment.

This is crucial to ascertain the necessary controls for ensuring safety and quality in operations. These processes include:

Identification of hazards

Identification of potential quality degradation

Risk assessment

Application of prevention and mitigation measures

Process Hazard Analysis (PHA)

Regularly conducted Process Hazard Analyses (PHAs) are essential for evaluating potential hazards and implementing effective risk mitigation strategies. These analyses provide a structured approach to identifying vulnerabilities and ensuring that appropriate measures are in place to manage risks effectively.

Process safety

Mechanical integrity

We prioritize rigorous inspection and maintenance to prevent equipment failures. Senior leadership ensures that management of safety hazards and environmental impacts is an integral part of the design, construction, maintenance, operation, and monitoring of each facility.

Our engineering team is charged with generating and maintaining process design information, which includes various process, technical, control, and alarm systems among many others. The team also is charged with ensuring the design, procurement, fabrication, installation, calibration, and maintenance of equipment and systems in our operations are in accordance with the manufacturers' design and material specifications.

Management of Change (MOC)

Changes are managed systematically to help ensure safety is maintained. Senior leadership is accountable for ensuring the development and implementation of written Management of Change (MOC) procedures for modifications associated with the following: equipment, operating procedures, personnel changes (including contractors), materials, and operating conditions. Such procedures also must include the technical basis for change, impact on people and coastal and marine environments, time needed to implement, and management approval procedures for the change.

Our system requires that employees, including contractors whose job tasks will be affected by a change, must be informed of, and trained in, the change prior to startup of the process or affected part of the operation.

Emergency preparedness and response

Comprehensive plans facilitate swift and effective responses to incidents. Our PSM program is designed to ensure that emergency action plans exist and are reviewed regularly to assign authority and responsibility to the appropriate qualified person(s) for initiating effective emergency response and control, addressing emergency reporting and response requirements, and complying with all applicable governmental regulations.

Due to their importance, our training and drills (which are based on realistic scenarios) incorporate emergency response and evacuation procedures that address all personnel (including contractors' personnel) and seek to identify and correct any weaknesses in our plans.

Safe work practices

Our PSM program establishes and implements safe work practices designed to minimize the risks associated with operations, maintenance, modification activities, and the handling of materials and substances that could affect safety or the environment.

In addition to specifying contractor selection criteria, our program ensures there are written operating procedures that provide instructions for conducting safe and environmentally sound activities, covering normal operations, emergency operations, weather-related evacuations, startup following an emergency shutdown, and procedures to protect human safety and the environment from chemicals used in operations.

Since work by contractors is essential in our industry, our program ensures that we obtain and evaluate information regarding the contractor's safety record and environmental performance, and that contractors have their own written safe work practices.

Control of Work

The PSM system also addresses Control of Work, which is the management of business-critical maintenance processes, to ensure tasks are carried out safely and without environmental impact.

Our procedures provide clear guidance on topics such as Hazard Identification and Risk Assessment, Permit to Work, and Isolation Management.

Altogether, our procedures are designed to ensure that hazardous job tasks, such as confined space entry or “hot work,” do not take place unless and until they have been reviewed and authorized.

Control of Work is a critical component of managing operational risk at every level of the organization, required whenever specifically defined hazardous tasks are performed or a contractor has been hired to work on-site.

Process safety



Canada

Our Operations Manager oversees all field activities, but we rely on direct hire contractors to carry out operations. In this respect, the introduction of the Group HSSE Handbook further strengthens process safety, as it gives clarity to our approach and acts as a repository of information for our contractors.

To improve PSM, we take learnings from any non-reportable incidents or near misses, documenting the process, reporting to the Alberta Energy Regulator (AER) as required, to make sure it does not occur again. Incident reports cover all relevant details of the event, in-depth assessment of the direct and immediate causes of the incident and root cause analysis, and the corrective actions taken as a result.

Our asset integrity program is reviewed by a third party on an annual basis and the Chief Inspector provides us with a report which gives suggestions for improvements. Each year, there are fewer findings, reflecting our approach of continuous improvement and the closing out of any previously identified gaps.

Asset integrity

Spill prevention comprises corrosion mitigation, corrosion monitoring, repairs, following proper work procedures, and monitoring internal pressures to prevent over-pressuring of facilities.

Externally, for pipelines, corrosion is mitigated by proper external coating design and proper installation. Cathodic protection (both sacrificial and impressed current) also mitigates external corrosion by making the metal of the protected facility a cathode of an electrochemical cell. Internally, for pipelines, piping, equipment, and vessels, corrosion mitigation is completed by proper design (for example, to prevent dead legs in the case of piping), routine piping, and injection of a corrosion inhibitor. Additionally, our Canadian operations have been replacing steel pipelines with synthetic composite pipe. Corrosion monitoring is completed via corrosion coupons (as necessary) and pipeline and vessel inspections. Inspections can be done with non-destructive testing (NDT) (typically ultrasonic) on a regular basis on above-ground pipelines and vessels, with internal vessel inspections during plant turnarounds, and with inspection pigs (smart pigs) in pipelines.

These inspection pigs can detect corrosion and corrosion growth in the interior of pipelines, as well as other internal imperfections. Internal inspections on vessels and inspection pigs on pipelines are scheduled as required using a risk matrix. We do an audio, visual, olfactory (AVO) inspection of the pipelines annually, as well as regular site screenings and surveys, with a specific focus on emissions. If we have indications of internal or external corrosion on our pipelines, piping, and vessels, repairs are completed if wall thickness is no longer in tolerance.

Critical to spill prevention is the following of work procedures. For example, in Canada, we have work procedures that are followed for all fluid trucking operations. In addition, all drilling, completion, and workover operations adhere to proper procedures to mitigate spills. Isolation procedures are completed during maintenance and repairs to help prevent spills. Other work procedures include preventive maintenance on pumps and equipment to ensure corrosion is mitigated, and to ensure seals and packings are robust and spills are prevented.

Pressures are monitored to ensure operating pressures of pipelines, piping, and vessels stay within design tolerance. If pressures are exceeded, automatic shutdowns occur, and de-pressuring of pipelines, piping, and vessels takes place. This allows the team to determine the source of over-pressuring, and to repair prior to restarting operations.

Transport safety

Transportation of our product is entrusted to an experienced third-party trucking contractor who manages all logistics on Vaalco's behalf. We rely on the contractor to perform all necessary inspections and maintenance of their vehicles, while our on-site operations staff are vigilant in identifying and reporting any concerns. We maintain open lines of communication with our site operators to ensure they understand and uphold our expectations, proactively monitoring the contractor's adherence to our standards. We also engage directly with the transport contractor on a regular basis, reinforcing our expectations and ensuring alignment with our operational and safety standards.

With extensive experience in the local oil and gas industry, the contractor demonstrates a strong understanding of the regulatory requirements, industry standards, and the challenges posed by regional weather conditions. This collaborative approach allows us to maintain confidence in their ability to manage transportation safely and effectively.

Oil spill response

In the event of a loss of primary containment (LOPC), our primary objective is to ensure any spills that do occur are cleaned up immediately. This is done by ensuring all emulsion, oil, and water tanks have a berm and are diked and lined. All leases are clay-lined and are diked to ensure no drainage takes place off lease. Pipeline rights-of-way (ROW) are regularly inspected in compliance with the regulator, AER. In 2024, we completed an aerial ROW inspection via fixed-wing aircraft surveys over operations.

Following a spill, an internal report is completed, to investigate the reasons for the spill and to mitigate the likelihood of a recurrence of this type of issue in the future. This report is reviewed by the Operations Manager and Country Manager and is forwarded to the corporate office. If the spill volume exceeds AER's threshold, then the spill is also reported to the regulator.

In Alberta, we are required to hold membership in the local spill cooperative, the Western Canada Spill Service (WCSS), which facilitates knowledge sharing and industry cooperation. The WCSS hosts training exercises on an annual basis and at least one of our operations team attends an exercise every year. We follow industry procedure on spill prevention and response.

Zero

number of LOPC incidents in Canada

Process safety

Case study

Oil spill response training

Each year, Western Canada Spill Services (WCSS) conducts practical training exercises aimed at equipping oil and gas operators with the necessary skills to respond effectively to Loss of Primary Containment (LOPC) incidents.

These exercises focus on preparedness across a variety of environmental scenarios, such as rivers, lakes, and frozen water bodies. This year, we participated in the newly introduced wetland training exercise, demonstrating WCSS's commitment to assisting operators in managing spills across diverse environments.

The wetland training exercise, like other WCSS sessions, was a half-day, in-person event conducted at a location relevant to the scenario being simulated.

Each year, Vaalco is represented by a selected individual for participation. Alongside other operators, the participant engaged in a hands-on simulation of an LOPC response, which included deploying boats and other necessary equipment.

This immersive approach allowed attendees to practice key techniques and adapt them to the complexities of wetland environments. The practical nature of the training makes this experience directly applicable to real-world spill events.

Our operator honed their response skills and reported back their learnings to our Operations Manager at the conclusion of the exercise. These sessions continue to demonstrate the importance of collaborative, scenario-specific training in enhancing preparedness and ensuring operators are equipped to handle spills in even the most challenging environments.

Critical incident risk management

To ensure preparedness in the event of a critical incident, we have an Emergency Response Plan, which we review annually. We also conduct emergency response drills each year. This year, we had a tabletop exercise simulating a hydrogen sulfide incident resulting from a pipeline leak.

These exercises are valuable in making sure everyone is aware of the risks and able to respond in the event of an incident.

All our trucks have fire extinguishers on board and most of our larger sites in Canada have flame safeguard and combustion controls, such as fire-eyes, as well as fire extinguishers.



Process safety



Egypt

Our Egyptian operations achieved a significant transformation in process safety culture this year. This change has been overseen by the management who, alongside a new Country Manager, have continued initiatives such as site visits, creating feedback loops to identify areas for improvement, and instating comprehensive reviews of procedures. This year, we continued to witness the positive outcomes of these efforts as the culture of process safety becomes more intimately embedded across our operations.

A notable development has been the growing accountability of our in-field team, who now play a more active role in process safety management. This includes the establishment of a sub-committee composed of field staff, which convenes monthly and provides quarterly reports to the overarching Process Safety Management (PSM) Committee.

In addition, PetroBakr has instated a new Process Safety Department and a PSM General Manager who are together responsible for implementing the PSM system.

Our enhanced approach to asset integrity has delivered tangible results. By prioritizing proactive and preventive asset maintenance measures we have extended asset life and minimized operational risks. As a result, we have witnessed a significant reduction in spills, all of which have been minor in nature.

Asset integrity

The appointment of a new Country Manager has brought a fresh perspective on operations. Site visits remain a prevalent feature of the management actions and the leadership team, including the COO and Director of HSSE who conduct these visits regularly, identifying areas for improvement relating to asset integrity. Our Asset Integrity Management System (AIMS) provides a structured schedule for maintaining critical assets, such as tanks and corrosion management tasks. The results of an audit conducted this year identified gaps in our well integrity management system as a result of which we developed a new well integrity management document under AIMS, integrating it into our Computerized Maintenance Management System (CMMS).

With approximately 110 vessels in the field, we are endeavoring to align them with a structured maintenance and inspection schedule. This approach will integrate maintenance tasks with equipment performance checks against established standards enabling our teams to monitor and enhance performance during scheduled checks, thereby streamlining equipment maintenance and monitoring processes.

We continue to mitigate the risk of pipeline leaks by installing Glass Reinforced Epoxy (GRE) lining in water injection lines. In 2025, we will continue advancing the replacement of aging steel pipelines with spoolable composite pipes. By laying new pipelines alongside existing ones and conducting hydrotesting, we minimize downtime, maintaining operational continuity. To date, we have completed over 63 km of pipeline replacements and installed 237 km of pipeline GRE lining, prioritizing those with the lowest integrity, and significantly improving asset reliability.

Other ongoing initiatives include baselining wall thickness across all remote manifolds to assess their condition and plan necessary repairs or replacements.

A review of the chemicals used to prevent buildup and corrosion in the pipelines will be conducted in winter in tandem with reviewing emulsifiers for basic separation, as the colder conditions allow more optimal testing conditions. The review will ensure the most effective compounds are being utilized to clear the lines, minimizing cost and maximizing asset integrity.

Furthermore, we have reinforced our approach to cathodic protection by proactively fitting sacrificial anodes during internal tank inspections. The water pits are rubber-lined while also being routinely inspected and repaired to prevent leakage.

Through our engagement with our field personnel, we impress upon them the importance of reporting any observed anomalies in the pipelines and facilities. We provide training on the AIMS to familiarize personnel with its usage and maintenance procedures.

Two employees underwent technical training around maintenance of electrical equipment in hazardous areas and were certified by a third-party coach upon completion. Additional role-specific technical training was provided during the year by a local service provider. This ensures that our staff meets the training requirements necessary to perform their responsibilities.

Oil spill response

No wells have sufficient motive pressure to produce in an unconstrained way, all having to be fitted with Artificial Lift Systems. All tanks within the production facilities are fitted with bund walls to contain any release, and which are manned 24 hours a day by facility operations staff. Field facilities are operated and monitored by operations staff who attend each well site four times a day. If any flow line issue was not detected by the field teams, it would be observed at processing facilities by flow variances.

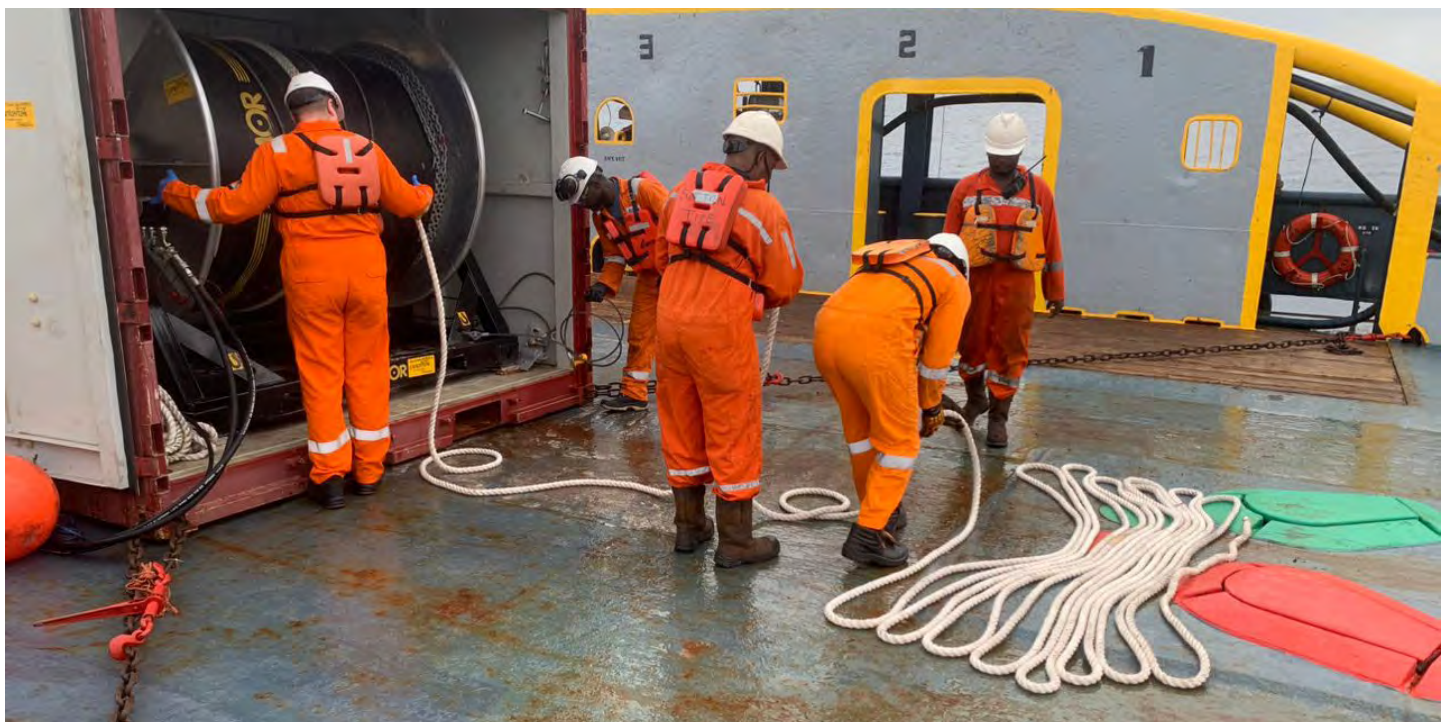
Critical incident risk management

Given that there are over 125 operating wells in Egypt, critical incident risk management is largely focused on the operating primary treatment facilities. For example, individual well sites are equipped with manual firefighting equipment such as portable fire extinguishers.

The main accommodation areas are individually equipped with smoke detectors, which are monitored from a central location 24 hours a day. Each primary treatment facility has been equipped with its own dedicated firefighting equipment, ranging from portable fire extinguishers to full foam equipped deluge systems, water cannons, and fire extinguishant systems in control rooms.

Firefighting systems can be operated manually or remotely via detection devices and over individual storage/treatment tanks. All equipment is maintained by specialist contractors, and is routinely tested by the field HSSE team to ensure functionality and fire pump performance.

Process safety



Gabon

The Person in Charge (PIC) on each platform has overall responsibility for daily, safe operations on their respective platforms. Our Safety Management System is the platform used to manage safety across our operations. The system was designed to align with ISO 45001 and contains all relevant documentation in one centralized location.

The risks involved with operations and new projects are assessed on an ongoing basis and wherever possible we have implemented strategies to mitigate risk. The new ERP system has an Enterprise Asset Management (EAM) application that has now replaced Maximo as our maintenance management system. The application houses management of purchases, maintenance scheduling and the Permit to Work system. Velocity continues to be the enterprise solution for recording management of change processes (MOC).

Regular auditing and leadership visits to site are conducted and there are templates for leadership offshore visits and platform inspections. Audits and visits are documented, and any corrective actions followed to closure via the Velocity EHS system as necessary.

Asset integrity

A proactive approach to asset maintenance minimizes environmental impact. By monitoring integrity and efficiency testing of our equipment, we can promote efficiency and continuity in our operations.

As our Gabonese plants get older, our 2024 focus was to enhance its safety critical elements (SCE). An impaired SCE procedure was implemented to ensure that any impairment of safety critical elements is risk assessed, and effective mitigations are implemented. All available resources are mobilized to reinstate those important barriers against major accident hazards.

This was supported by commencing reporting on the number of impaired safety-critical elements, overdue safety-critical preventive maintenance, and overrides, on a weekly basis to the Group-level management team. A more in-depth integrity report is now submitted on a yearly basis to the senior management team.

Additionally, we have introduced process safety audits as a proactive measure to enhance oversight and accountability. These audits provide a comprehensive evaluation of our process safety systems, identifying gaps, driving continuous improvement, and reinforcing our commitment to maintaining the highest safety standards across all operations.

Our new maintenance management system, being managed through the ERP, holds all work plans, including tasks to be carried out on platforms and scheduling for shutdown works. We continuously monitor the performance of our gas turbines to assess fuel usage and ensure they are running at optimal levels.

Fabric maintenance testing of all the facilities on all the decks is carried out regularly. We have a biannual preventive maintenance routine to perform an engine wash and change out of the fuel injectors. The injectors are cleaned in an ultrasonic bath for the next use.

Rigorous corrosion management is integral to minimizing the risk of an LOPC. We utilize pigging to inspect and clean our pipelines and the activity is prescheduled so that it is conducted regularly. This is managed through our maintenance management system to minimize disruption to production. The routine pigging removes buildup in the pipelines, while the smart pigging program, which is done every two years, inspects for signs of corrosion. The next campaign of intelligent pigging is planned for 2025.

Corrosion coupons are corrosion monitoring devices composed of the same metal as the equipment being monitored to provide indicative corrosion rates.

The coupons are removed on a yearly basis and sent to Houston for analysis by the engineering department; if there is an issue, they will alert the team in Gabon who will take action to rectify the problem.

Cathodic protection systems are a method of controlling the corrosion; by supplying a current to a metal surface, it becomes the cathode of an electrochemical cell and cannot corrode. We review our cathodic protection systems on a five- to ten-year basis but may also conduct inspections within that cycle when an opportunity is presented.

Remotely Operated Vehicle (ROV) inspections are conducted for subsea systems. Routine inspections are every five to ten years per American Petroleum Industry (API) 2SIM recommended practice.

2025 will be an important year for asset integrity in Gabon, as the management team plans to shut down the four assets to perform integrity scopes, including several vessel inspections.

Oil spill response

In the event of an incident resulting in an LOPC, we have robust response procedures. Our detailed Oil Spill Contingency Plan (OSCP) is reviewed annually. The OSCP includes modeling of the potential geographical spread of a spill and the measures that would need to be taken to combat the spill. The modeling underwent an upgrade this year to add variables of spill scenarios based on the season.

We have MetOcean current-monitoring buoys to deploy in the event of an oil spill. They transmit their location at frequent intervals to enable ongoing monitoring of currents. In the event of an LOPC, we would conduct a thorough investigation to ascertain the root cause and rapidly implement measures to mitigate the risk of such an incident happening again.

Process safety

As members of Oil Spill Response Limited (OSRL), a global emergency and oil spill response organization, we are offered a biannual review of our OSCP and access to their oil spill response assistance. OSRL has a fleet of aircraft, vessels, and equipment available for rapid deployment of dispersant application or equipment transport, including active recovery boom systems and other booms that can be used for offshore or shoreline responses. In 2024, OSRL updated our OSCP considering the major changes which occurred in the field, including the replacement of the FPSO by an FSO.

OSRL can provide additional communications equipment, safety equipment, transfer pumps, dispersant application systems, temporary storage equipment, generators, boats and vessels, and wildlife equipment. We have access to their CAP & STACK technology, a device that is capable of sealing off a well in the highly unlikely situation of a loss of well control.

OSRL also provide our Tier 1 oil spill response equipment, which is located centrally in the field for rapid deployment. OSRL were on-site to carry out the maintenance and deployment of the Offshore Oil Response equipment, as well as to conduct tabletop exercises.

In July and November, to cover all offshore crew members, we completed the on-site training for the Gabonese crew in the deployment of the OSRL Tier 1 equipment.

If an LOPC incident were to occur, we would also reach out to local operators and partners for support; the Accord Assistance des Opérateurs Pétroliers (AAOP) is an agreement via the Union Pétrolière Gabonaise (UPEGA) which states that operators can share equipment and dispersants in the event of a spill and this can be back-charged following the cleanup.

Critical incident risk management

Operating offshore, fires and explosions are major potential risks, and effective prevention and mitigation measures must therefore be utilized. Gas detectors are located throughout the facilities and are tested and calibrated on a regular basis. The automatic deluge systems will deploy on detection of a fire. Emergency shutdown (ESD) systems are installed over the platforms, and if machinery overheats, the automatic shutdown will trip for that piece of equipment. Firefighting equipment is located throughout our facilities and is inspected monthly.

We track monitoring and auditing through our maintenance management system within the ERP.

In the event of an emergency, we have robust response measures in place. If an incident occurs, evacuation of personnel is always the priority. The operators will raise the alarm, and personnel will assemble at the muster points where safety equipment and life rafts are stationed. We have an on-site support vessel crewed and continuously available in the field, and the transit vessel, also available 24/7, has an emergency back-up role and would be deployed.

All the platforms and the FSO have satellite phones and radios, ensuring there is always a means of communication between the offshore operations as well as a connection to the onshore offices.

Reflecting the importance of having a purposeful and efficient response in the event of an emergency, we conduct drills every two weeks. There are a number of drill types, including gas alert, fire alarms and general abandonment, and each drill covers what actions should be taken, where to assemble, and how to account for all personnel. Incident management drills were also conducted throughout the year for onshore personnel, to ensure the incident command structure is robust and able to respond effectively and efficiently in the event of an incident.

Resource management

Highlights

Minimizing resource use where possible

Monitor all produced water

Ensure proper disposal of all waste

Canada

Water management

Canada's fracking activities are in full compliance with the jurisdictional regulatory requirements. However, the management team is cognizant of the increasingly stringent standards on fresh water use. In response, the team are actively exploring a combination of alternatives, one of which is locating alternative sources of water to reduce our reliance on fresh water.

A more innovative initiative undertaken this year was storing the used water following drilling activities, instead of releasing it. This provides our operations the option to reuse the water for future projects. We also engage a third-party service to track our water usage, and this data is subsequently reported to the relevant regulatory body. All produced water is directed to licensed area injection wells for compliant and environmentally responsible disposal.

Waste management

Waste generation in our operations remains relatively minimal as we prioritize recycling and reusing materials wherever possible to reduce environmental impact. All waste streams, including drilling waste, is collected in accordance with regulatory requirements and responsibly disposed of at licensed and regulated disposal sites. The generated waste volume is reported to the regulator as required on an annual basis.

Egypt

Water management

Our operations are located in regions which are strategically important for Egypt: in the East, where there is a lot of industry, including tourism, and in the West, where there are many other oil and gas operations.

Both regions are therefore well supplied by municipal water. Nevertheless, we consider water to be a precious resource in Egypt, not only for our operations, but for the wider country. We only draw fresh water for potable use and sparingly for well treatment.

Produced water is naturally occurring water that is extracted through our production processes. This water comes from deep underground reservoirs and is not fit for human consumption. We closely monitor our produced water management cycle, and all produced water is reinjected into reservoirs for pressure maintenance or disposal in line with Egyptian Environmental Affairs Agency (EEAA) permits.

Metering of produced water to reinjection wells is in place with volumes reported within the daily production reports. Injected water is chemically treated to prevent reservoir souring, mitigating the risk of H₂S gas in produced fluids.

Waste management

Waste disposal processes are managed in compliance with Egyptian regulation. The waste management procedure details the responsibilities of personnel for managing waste and includes direction on waste minimization, storage and labeling, transportation, and disposal. We also maintain a Hazardous Material and Waste Management register.

We store hazardous waste in a specific location, and we have an agreement, No. 266/2022, with Petrotrade Co. for the safe disposal of solid and liquid hazardous waste. Medical waste disposal is contracted to a health authority-approved incinerator, and sewage waste to the Environmental Protection Association in Ras Gharib. Non-hazardous waste is managed by the Ras Gharib Council.

Senior staff have received specialized training on NORM detection and monitoring. This included understanding how to use detectors, manage NORM, PPE, and how to treat it. This is a proactive approach in readying our operators in the event of an incident while also raising general awareness on the issue. We intend to continue rolling out the training over the next year.

Resource management

Case study

Environmental measurements in Egypt

In light of the critical importance of effective natural resource management within the framework of sustainable development, PetroBakr has completed environmental measurements for its offices and fields.

This initiative was conducted by an independent third party in November 2024 and underscores PetroBakr's commitment to environmental stewardship and sustainability.

The measurements taken included the following: heat stress, sound intensity, light intensity, total suspended particulate (TSP), respirable particulate (PM10), concentration of vapors and gases (TVOCs, CO, CO₂, SO₂, NO₃, NO, NO₂, O₂, LEL, H₂S), air speed, and exhaust stack gases emissions (temperature, CO, SO₂, NOx).

Gabon

Water management

Our operations generate produced water and this is strictly managed and responsibly disposed of to minimize the environmental impact of our operations.

All produced water is monitored hourly and treated to meet or exceed the requirements of the International Convention for the Prevention of Pollution from Ships (MARPOL) 73/78 standards.

These standards include a minimum reporting threshold for the average treated oil in water overboard (Ave. OIW) of 28 parts per million (PPM). We consistently remain below MARPOL's 24-hour and 30-day limitations.

Any deviation from our expected oil levels in produced water is typically caused by issues with the chemical pumps. To address this, we monitor chemical injection rates four times daily, or twice per shift. Onboard the FSO, sensors are in place to automatically close the overline if water exceeds the acceptable threshold.

Waste management

Our offshore operations do not generate a significant amount of waste. However, any waste sent from site is segregated, packaged in enclosed containers, and appropriately labeled on the waste transfer note, in compliance with Gabonese Port Authority requirements.

Our Logistics Department maintains a detailed log of the quantity, type, and source of all waste produced, which is then shipped to our waste management center.

100%

within MARPOL standards in Gabon

Biodiversity

Highlights

Limit our impacts to the environment we operate in

Consider environmental impact in planning new projects

Vaalco is dedicated to the conservation of biodiversity and recognizes its responsibility to protect the ecosystems near its operations in Gabon.

In Egypt, our assets are situated in areas with limited biodiversity and in Canada our daily operations have minimal interface with wildlife. Consequently, our potential impact on biodiversity in these countries is negligible. However, we adhere to all regulatory requirements and ensure that our operations are conducted responsibly.

Canada

Our operating entities follow the environmental regulations specific to their operating jurisdictions to ensure compliance. This year, Canadian activities once again continued the approach of drilling from existing pads and successfully drilled four new wells without expanding our operational footprint. By minimizing land disturbance and avoiding unnecessary footprint expansion, we demonstrate our commitment to operating sustainably.

Decommissioning

As wells become non-productive, they are abandoned. This year we decommissioned two wells in line with our asset retirement obligations (AROs). This includes remediating the land to its previous state.

Abandonment procedures comply with regulatory requirements. We ensure lower hydrocarbon-bearing zones are isolated and upper water-bearing zones are protected. Abandonment complies with gas migration testing, ensuring that all gas zones are isolated. All abandonment operations are submitted to the regulator, AER, and they visit operations and sites routinely. Final abandonment certificates are ultimately signed off by the regulator.

Leases are then reclaimed with authorized reclamation practices. The regulator approves lease reclamations after it is established that leases are reclaimed to the state they were in prior to use.

Egypt

We have done an Environmental Impact Assessment (EIA) for every well pad, with each receiving the required sign-off from the EGPC. The EIA includes the following key principles: type of activity performed by the establishment, extent of natural resources exploitation, location of the establishment, and type of energy used to operate the establishment.

To date, none of the EIAs have identified any terrestrial species or vegetation near our well sites that are either covered by the International Union for Conservation of Nature (IUCN) Red List or whose populations are threatened by our activities.

Regarding avian species, the Egyptian Vulture is an endangered species that uses the entire country as passage region, however Vaalco's well sites are not near any breeding or resident regions and Vaalco's operations are not considered a threat to this species. We develop an Environmental Management Plan (EMP) to ensure that the commitments in the EIA, subsequent assessment reports, approval, or license conditions are fully implemented.

The EMP includes the following: waste management procedures (for both solid and liquid waste), monitoring outline (biological features, air quality, waste management, and operational leaks and spills); and the Emergency Response Plan.

Decommissioning

We have a recovery program for all our drilling pits, and once they reach the end of their life, we follow a procedure of rehabilitation to return the environment to its previous state.

Gabon

With offshore operations, we have a responsibility to ensure that our activities do not negatively impact marine wildlife. As outlined earlier, our robust asset management approach helps mitigate the risk of spills to the environment.

We also place great emphasis on understanding the species present in the areas surrounding our operations and their migratory patterns.

Employees and contractors are encouraged to remain highly aware of nearby marine life, with particular focus on our proximity to the Mayumba Marine Reserve. Biodiversity considerations are included as part of our induction process, and the topic is routinely discussed in weekly safety meetings.

For the next phase of drilling in Gabon, we are conducting a large-scale EIA. A reputable third party has been contracted to carry out this assessment, which includes a detailed study of biodiversity.

This will also address potential impacts on the local fishing industry and marine ecosystems. In addition to this, we will perform new biodiversity studies, separate to the EIA, for our operations.

Vaalco's Gabon operations are located within the Grand Sud Aquatic Nature Reserve, which extends the protection of the existing Mayumba National Park to the 200-mile nautical mile limit of Gabon's exclusive economic zone. As part of our recent external ESHS audit, some of the opportunities for improvement that were identified include the development and implementation a biodiversity action plan (BAP), engaging with an NGO to undertake research studies on turtles and marine mammals' movements to update type, number, and seasonal movements near the project area, and the implementation of additional monitoring measures during future seismic operations.

Decommissioning

In 2018, Vaalco engaged a third party to conduct a study and prepare an estimated decommissioning liability report for the platforms, associated pipelines, and wells in the Etame field offshore Gabon.

In 2023, this report was updated to reflect the 2021–2022 drilling campaign and the field reconfiguration completed in 2022.



Supply chain management

Highlights

Launched Supplier Code of Conduct

ERP system integration for supply chain management

Transitioning to category management

Vaalco's global supply chain management organization underwent significant restructuring following the appointment of a Group-level Supply Chain Director.

With a direct reporting line to our COO, the operationally focused supply chain delivery model prioritized laying the foundations for a scalable supply chain management (SCM) function including centralizing leadership accountability, performance-focused strategy formulation, upskilling our in-country teams, and standardizing global business process and practices.

Building on our global transformation journey, this year we introduced a Supplier Code of Conduct. This outlines the minimum standards we expect from our global suppliers, contractors, and service providers to uphold in terms of human rights, safety, labor practices, business ethics, environmental responsibility, and climate action, reflecting Vaalco's sustainability commitments, including decarbonization and corporate transparency.

As part of this initiative, we also launched a dedicated supply chain section on our new Vaalco external website from which our global suppliers can now access the newly published Supplier Code of Conduct, contact details on exploring business opportunities with Vaalco, and our critically important Global Health, Safety and Environmental Handbook.

With our continuing focus on improving business performance, this year we concentrated on three primary focus areas within our global supply chain operations.

Firstly, on global talent management, where we continue with our focus on nationalization and ensuring our growing in-country teams are equipped and trained with the skills and knowledge necessary to manage all facets of supply chain management effectively at the local level. This has involved the transition of overseas roles to newly created positions in the countries in which we operate. The in-depth knowledge and harnessing of local market capabilities is forecast to promote local and regional business opportunities, which in turn can deliver cost efficiencies and improved operational support.

Secondly, we deployed a global ERP system this year. This essential ERP system now enables global supply chain connectivity whereby our full cycle budget-to-pay processes are interconnected and globally visible.

This foundational tool will automate and streamline processes and begin to offer business-impactful supply chain analytics that will improve visibility of our global supply chain functions and ways of working. From demand planning, budget control, procurement, materials, and inventory management through to payment of our global suppliers, the ERP tool allows our supply chain functions to be truly global. With our step change from manual processes to our global ERP tool, we enhance our supply chain's operational efficiency and drive ESG gains.

Thirdly, and in support of our newly deployed ERP system, we have created a global Business Process Management Framework (BPMF) aimed at housing our ERP supporting global supply chain policies, processes, and procedural aids. The Framework was developed with the support of a newly appointed Global SCM Business Process and Governance Lead, who provides centralized control and global training.

Finally, as Vaalco's SCM function matures, we are prioritizing a transition to category management. This involves analyzing historical spend profiles for each business unit, establishing categories of spend for the current year, and collaborating with business units and stakeholders to develop tailored sourcing and management solutions.

As a result, we will be able to streamline costs and expenditures by consolidating our spending with key suppliers. The global ERP system is being leveraged to support this transition, which can generate spend reports instantly. Gabon served as the foundation for this initiative due to its size and maturity, and we will prepare to expand category management to other operating regions.

Canada

Vaalco's Canadian operations take place in a very mature basin with a wealth of highly experienced suppliers, contractors, and service providers to draw from. As our operations are relatively small, and with such in-depth local supply chain expertise, a strong relationship has been forged with a local third-party contractor for field operations and SCM delivery.

Supply chain management demand planning, oversight, and approval of contractor selection remains with the Country Manager, who works closely with our Supply Chain Director and our chosen third-party contractor to ensure alignment with Group SCM standards.

Many of our trusted local contractors have been working on Vaalco's assets since their inception, as a result of which we share a strong business. This, along with their experience, gives us confidence in the contractors' abilities to meet our operational performance expectations while maintaining Vaalco's commitment to ESG and high ethical business standards and process requirements.

As an identified area of improvement, this year we engaged a contractor management vetting company, which now provides more rigorous screening services and requires contractors to provide additional safety documentation prior to utilization.

Once onboarded, all third parties working on our field locations must complete mandatory training, with compliance monitored by the Operations Manager and supporting team. We are currently reviewing opportunities to digitize this process using a contractor management platform.

In 2024, as part of the aim to strengthen local supply chain management capability and continue with Vaalco's focus on supporting local employee career progression, a member of the Canadian team was identified as a future supply chain resource and thus embarked on a comprehensive training program, including inventory management and procurement courses. Her ambitions have been supported by both the Country Manager and our Group-level Supply Chain Director with the latter proactively providing the necessary academic and career progression guidance.

Egypt

Within our Egyptian JV, the supply chain function is managed across three Egypt-based departments: Contracts Procurement, Materials Management, and Logistics. Outside of the JV, Vaalco's Cairo-based Contracts and Supply Chain Lead acts as the interface between the JV and the Group-level Supply Chain Director in Houston.

This role is strategically supported by our Supply Chain Director as part of the strategy to enhance in-country local procurement management expertise. As part of this, the individual is supported by role-specific training for their professional development.

Supply chain management

Egypt (continued)

Following on from last year's stated objective to bolster the screening process for contractors within the JV, we have leveraged the ERP system to now conduct due diligence of new vendors through Vaalco's global system in Houston. This is a key step in ensuring Group-wide standards are adopted for vendor onboarding in all our jurisdictions, including the JV in Egypt. HSSE performance continues to remain a significant focus area as part of this tender evaluation process.

All scopes of work and tender documents are additionally reviewed by the HSSE department of our Egyptian team.

This year, we began a more thorough review of the medical evaluation certificates of all potential contractors to ensure that the necessary medical certificates for the job were obtained from reliable and reputable facilities. This is necessitated by the challenging nature of outdoor work in Egypt, especially during the summer months when temperatures are at their highest.

In 2024, Vaalco continued to prioritize sourcing contracts and services from the local Ras Gharib community and we remain steadfast in our commitment to generate economic benefits within the region.

Gabon

In 2024, we built on the progress made in 2023 to further enhance SCM in Gabon and across the Group. The Gabon sourcing team continues to prioritize hiring locally and sourcing suppliers within the region. This local-first approach remains a cornerstone of our SCM strategy, fostering economic benefits within the Gabonese community.

Improving and standardizing how contracting and procurement are delivered continues to be a key focus.

The newly created Contracting and Procurement Plan (which going forward will be produced annually) outlines the tenders and other sourcing events that will be released throughout the coming year.

This plan is communicated to the government and our partners in advance to indicate our intentions, and bring awareness of any large tenders, leading to more efficient processes and communications in the future.

The rollout of the ERP system has been instrumental in inventory management in our warehouses, ensuring that all items are ticketed and that we keep track of all inventory inflows and outflows. The ERP has also streamlined inventory management with automated stock level controls, thus preventing overordering and notifying the team when stock is low.

The SCM also implemented business performance reviews (BPRs) with strategic supply partners. These reviews are fundamentally important and also provide suppliers with an opportunity to give feedback on Vaalco's performance, strengthening relationships and ensuring mutual benefits.

Upskilling and engagement within the supply chain team have remained a priority. All supply chain personnel are supported with professional development plans, including training tailored to their individual roles, some of which took place abroad, on various continents.

Following the Group-level supply chain focus on category management, Gabon was the target of the first trial and rollout of the program. We organized workshops on category management focusing on consolidating our supplier base and building strategic partnerships with key suppliers.

We continued offshore visits this year, which have been well received, and introduced warehouse visits. A number of actions were taken stemming from these visits, including a project to optimize space; we have invested in new storage systems, significantly improving our ability to take inventory.

We also commissioned construction of office spaces within the warehouses, allowing the staff to work in a separate, air-conditioned space. This was very well received and appreciated by all our warehouse staff and we will continue to review other warehouse projects as a result.

Summer internship programs continued this year to provide Gabonese graduates with valuable exposure to industry and SCM. Interns were given opportunities to attend meetings with the ministry and gain hands-on experience within the SCM function.

This program not only offered a fulfilling experience for graduates but also served as an effective recruitment channel to further strengthen our in-country SCM team.



People and communities





Overview

We strive to cultivate a workplace where individuals feel motivated and enthusiastic about coming to work.

As the business has continued to grow, our focus has centered on effectively managing a global workforce. Our focus this year has been on refining and standardizing policies, procedures, and systems across all locations, aligning them with Group-level standards to ensure consistency and efficiency.

To achieve this, we introduced a Global Human Resources Information System (HRIS), which will serve as a central system of record for all locations. This system is scheduled for a global rollout next year and will enable enhanced data tracking and act as a repository for all policies and processes.

Alongside this, we have been updating our policies to ensure they are fit for purpose, an ongoing exercise that reflects our commitment to effective governance. However, while Group-level standards and policies provide a foundation for fair and effective people management, we recognize that each operating location has its own unique characteristics.

As a result, we encourage a tailored approach to employee development and engagement.

The addition of the ERP system has streamlined business practices such as processing employee expenses, improved workflows, and alleviated workloads through automation. Standardizing benefits has also been a priority, with a particular focus on introducing company-sponsored benefit plans in locations where these did not exist before.

Another key focus was updating the travel policy to ensure fairness and alignment across the organization.



Training and development

Highlights

Analysis of training needs and competency gaps

Providing requisite skills training and offer development opportunities to support career progression

Canada

Our Canadian office, albeit small in terms of personnel, provides rewarding employment opportunities in an industry that remains attractive. Owing to our size, every employee takes on a wide range of responsibilities and is introduced into a culture of working collaboratively.

In the field, our Operations Manager undertakes a succession planning exercise to guarantee adequate coverage during vacations or emergencies, promoting safe operations at all times.

To bridge the gap between office staff and field operations, we also conduct annual field trips for the entire office staff. These visits are conducted by our Operations Manager and the experience offers firsthand exposure to our operators and facilities. This year, we introduced a quiz on operational equipment as part of the visit, which helped contextualize what was being observed in the field.

Egypt

To assist employees in their professional development, Individual Performance Plans (IPPs) are in place for every individual. These are dynamic plans, designed to get the best outcomes for employees. Two formal one-to-one meetings are held each year; the first gives employees the opportunity to discuss their performance in the past year and set objectives with their managers, while the mid-year review allows consideration for progress. Outside of these check-ins, we stress that development conversations must be ongoing so that employees can seek and receive guidance and feedback as needed.

Training and development

Egypt (continued)

As part of the IPP, managers will discuss with individuals what training they require. We have a partnership with the American Chamber of Commerce, through which our employees have access to a range of training courses to develop their soft skills. As part of the IPPs for 2025, we will also be giving employees the opportunity to complete technical training programs specific to their roles.

Gabon

Our onshore colleagues completed a comprehensive Training Needs Analysis Form. Individuals are required to indicate their learning requirements in collaboration with their manager as part of determining their professional development needs.

This year, we leveraged these assessments to introduce a new training policy that allocates an annual budget for every employee to undertake at least one approved technical training program, which may take place abroad. We also delivered a new supervisory skills training to high-potential employees for the first time. Next year, our managers, too, will receive training, albeit tailored to them and from a separate provider.

To help with professional growth, we implemented a company scorecard for all employees. Supervisors are tasked with setting individual objectives for their team members, who will then be assessed against these objectives at the end of the year.

In compliance with Gabonese law, we provide trainee placements and internships for national individuals. Application requests for these are advertised through a specific online platform. English lessons are also offered to all employees as standard.

United States

In Houston this year, we introduced a tuition reimbursement policy with the intention of global implementation. We continue to conduct performance reviews and all employees receive comprehensive appraisals and constructive feedback. Managers discuss individual performance, identify development areas, and set yearly targets with the individuals.

Succession planning remains a key focus across the organization, and we intend to finalize a road map to guide future workforce planning. Training continues to be a high priority, with HR collaborating closely with management to identify and deliver tailored training opportunities for employees.

Training and development

Case study

Learning on the job in Gabon—Flash Colombe Tchono, Engineer

What did you learn through your internship?

I joined Vaalco's internship program in July 2023 having completed a Master's in chemical engineering.

One of my main tasks during the internship was monitoring overboard water from the platforms to ensure compliance with MARPOL standards. This was important for me as I wanted to be doing meaningful work as part of the internship and this responsibility is critical in minimizing environmental risk.

During the internship, I was given the opportunity to visit our offshore facilities and witness firsthand how water overboarding is safely conducted.

I spent two weeks offshore, observing and refining my knowledge of how our operations are carried out. This was an immensely rewarding experience which allowed me to gain a practical understanding of operations.

Throughout my time as an intern, I benefited from the mentorship of an experienced senior member of staff. I am also grateful for the support of my supervisor and colleagues, both onshore and offshore, helping me adapt to and learn the nuances of the energy industry.

At the end of my year-long internship, I was delighted to be offered a permanent role.

How have you continued to develop in your current role?

Since becoming a permanent employee, I have taken on more responsibilities and now lead several tasks, including monitoring chemical use offshore and ensuring we are mitigating environmental pollution. I am now able to take the lead on certain tasks, rather than supporting.

Importantly for me, a big positive of working at Vaalco is the continuous learning on the job and opportunity to undertake training and acquire new skills. I feel I have truly become a part of the team here and the experience I have had at Vaalco has been deeply fulfilling.

Engagement and wellbeing

Highlights

Offer attractive compensation and benefits packages

Regular team and departmental meetings

Executive engagement with workforce through Town Halls and site visits

Canada

Transparency and honesty are integral to creating a safe and supportive working environment. We are in regular contact with our contract operation staff in the field. During the monthly safety meetings, the Operations Manager attends and facilitates open discussion and encourages colleagues to raise any concerns they have. Possible solutions are discussed, and issues are addressed immediately or are followed up prior to the next safety meeting.

Given the small size of our office staff, team-bonding is essential. To strengthen relationships and create a positive workplace culture, we host social gatherings to celebrate milestones and achievements, bringing employees together in a social environment.

We are aware of how compensation affects morale and are equally committed to ensuring fair and competitive compensation for both office and field staff. As part of this commitment, we regularly review our overall compensation packages to maintain competitiveness within the industry.

This year, we also introduced a new transport policy which expands the reach of the previous parking policy. Whereas previously, only those driving into work could avail themselves of the benefit of free parking spots, the updated policy compensates employees for their commute regardless of how they travel to work.



Engagement and wellbeing

Case study

Colleague engagement in Canada—Victoria Mills, Office Administrator

What has been your experience working at Vaalco?

Working at Vaalco has been fantastic. When I first joined as a temp, two years ago, as part of the TransGlobe merger, I was unsure of what to expect, but the opportunities for growth have exceeded my initial hopes. I transitioned from being a part-time staff member to becoming a full-time office administrator.

This year, the Country Manager presented me with an opportunity to take on more responsibility and connected me to our Supply Chain Director. He has set me up on a training course for procurement management. He has also devised a complete knowledge path for me to develop technical skills on the subject.

Throughout every step of this journey, I have felt fully supported by both the Country Manager and our Supply Chain Director. What I appreciate most is the accessibility within the team—being able to walk into anyone's office to ask about their roles and remit has been invaluable. This openness has allowed me to learn something new every day and continually expand my understanding of the business.

“People are so friendly and keen to help you. It is brilliant. The amount of knowledge you can soak up is incredible.”

How has Vaalco supported engagement?

The trips out to the field have been a highlight of my time at Vaalco. While my colleagues in the office are incredibly open and helpful in explaining operations, there is nothing quite like visiting the sites to gain a practical understanding of how and why we do what we do. It's clear that everyone enjoys these trips, and they provide a great opportunity to meet and build a connection with the contractors face-to-face. They are always willing to share their expertise, and they genuinely feel like part of the Vaalco team.

Having experienced the transition from TransGlobe to Vaalco, I've seen firsthand how thoughtfully the business has approached selecting the right people in key management roles. We had a good team before but the chosen Country Manager was an excellent choice for leading Canadian operations, bringing the operations and working atmosphere to an entirely new level.



Engagement and wellbeing

Egypt

Our new Country Manager has continued to uphold an open-door policy in Egypt, with colleagues encouraged to approach management with any concerns or questions they have. She holds a weekly—or even biweekly, as required—team meeting for all personnel. This includes an update on production, drilling, work with the Ministry or EGPC, and any other pertinent matters, enabling a shared understanding of current priorities and workstreams.

The formal grievance procedure is managed locally by the HR and Administration Manager, including detailed information on how to raise an issue, and the alternative channels to go through, if preferred.

Creating a healthy work-life balance for our teams is important, and we emphasize the need to take annual leave. We offer an attractive benefits package including medical insurance for employees and their spouses and children, life insurance (which includes death, partial disability, and total disability), leisure allowance, transportation allowance, meal allowance, and a pension savings plan.

Employees also receive a performance-based bonus annually which is determined by their Individual Performance Plans.

Gabon

In Gabon we have seen a notable improvement in culture and employee engagement this year, building on initiatives launched in 2023 which included hiring a dedicated HR Director, implementing an open-door policy, and conducting an employee engagement survey to better understand staff needs and concerns.

This year, we addressed specific feedback from the employee engagement survey conducted last year. We have invested in new office amenities for our warehouse teams, improving air conditioning, lighting, and overall conditions, with further enhancements planned.

Additionally, offshore teams welcomed the replacement of the catering company, improving nutrition and meal quality—vital for those working in remote locations.

In 2024, the HR Director completed three offshore visits, one of which was also attended by a psychologist who delivered cultural awareness training to support a more inclusive and engaged workforce.

The College of Delegates is mandatory by law and continues to serve as a forum for employee representatives to meet monthly and address concerns and clarify communications. This year marks the election of new representatives; they will receive training from the company to help familiarize them with their roles and duties. A significant achievement later in the year was the introduction of a new Collective Bargaining Agreement (CBA) handbook, which formalizes rules, procedures, and policies for employees. This was created by working closely with local unions to address their concerns.

Our staff continue to attend global Town Halls hosted by our Group-level leaders, but we also have quarterly Town Halls locally delivered by the Gabonese management team. The Town Halls are open to all staff members, both offshore and onshore, and who are able to raise any concerns during the sessions.

To boost team morale, we organize multiple social events during the year. This includes celebrating events such as Gabon's Independence Day, but also hosting a monthly birthday celebration, with the individuals receiving a small gift.

This year, we introduced several policies to enhance the employee experience, including a Gabon-specific travel policy, a company vehicle policy, and a basket bonus providing food allowances for employees working in the office.

We also offer a comprehensive benefits package, including medical, dental, and vision insurance for employees and their dependents, vacation and sick pay, employee loans, 401(k) savings plans, seniority gifts, and access to a psychologist.

United States

We relocated our office premises this year. The new office is equipped with a gym, showers, an on-site café and sundries shop as well as other amenities within a walkable distance. Crucially, the office has an open floor plan with more collaborative workspaces helping to foster a more interactive office atmosphere.

While we continue to provide pay increases commensurate with performance and in alignment with market trends, this year we have given managers a budget, allowing them to determine the appropriate percentages of increase.

During 2024, we also implemented a more comprehensive and competitive benefit offering. The additions include an urgent-care plan, with no cost to the employee, life insurance, supplemental life options, and an enhanced dental plan (including orthodontia coverage).

A major step this year was the launch of a parental leave policy that provides four weeks of paid time off for mothers and fathers to bond with their newborn.

Diversity and inclusion

Highlights

Committed to promoting equality and inclusion across the Group

Raise awareness for diversity in the workforce

Vaalco is committed to the principles of equal opportunity.

This includes making sure that when we recruit, interview, hire, classify, train, promote, demote, discipline, transfer, terminate, and set rates of pay or other compensation, it is done on the basis of merit and qualification without regard to race, religion, creed, color, national origin, physical disability, sex, or age.

We value building diverse teams, embracing different perspectives, and fostering an inclusive, empowering work environment for our employees.

Canada

We follow the Canadian regulations on maternity and paternity requirements. Of our office staff, 41.67% are women (five out of 12 total staff positions). We also have one contract position in the Calgary office who is female. Additionally, three of our eight staff positions are filled by individuals of ethnic minority descent. Our office and work product benefits from this diversity.

Gabon

We continue to place an emphasis on local employment as a standard practice, including placing a preference for promoting individuals internally and recruiting locally. Nationalization of our Gabon-based personnel has been a key focus this year, aligning our operations with legislation.

In October we celebrated Pink October, which aims at raising awareness for breast cancer. We invited all the women in the office to take part in a day of activities including personal coaching, a fitness class, and a celebratory lunch. We also marked Blue November, raising awareness for prostate cancer, and National Women's Day. The committee included both local employees and expatriates with the goal of fostering more camaraderie between the team.

18%

number of women in leadership

Diversity and inclusion

Case study

Interview with Iman Hill, Country Manager in Egypt

Can you describe your extensive experience before joining Vaalco?

I'm a petroleum engineer with more than 35 years' experience in the industry, having learnt my core technical and commercial skills at BP and Shell. I've had the privilege to work in four continents, on assets from onshore desert in Egypt to ultra-deep water in the Santos Basin in Brazil. The majority of my experience is in the Middle East and West Africa, Egypt, the UAE, and Nigeria.

My last role before joining Vaalco was a pan-industry role. I was appointed as the Chief Executive Officer to lead the International Association of Oil and Gas Producers (IOGP) in 2020, a critical time for the industry.

As a global body, it represents its members across the world with governments and regulators and is working to accelerate the energy transition, decarbonization, and methane abatement, while driving performance improvements in safety, environmental management, and engineering.

My mandate was to transform the IOGP to create a step change in the value that the industry derives from the organization.

As Country Manager in Egypt, what are you focused on?

I'm responsible for directing, coordinating, and developing all commercial and operational aspects of the Egyptian businesses. Of course, no one does this alone, and I love being part of and leading the team.

The things I think about every day are: the safety of our people and assets; representing Vaalco with Ministry and EGPC as the reliable, transparent and value-creating partner that we are; delivering value to Group that is commensurate with the investments being made in the Egyptian assets; managing and making the most of our Concession Agreements; production growth, for Vaalco, and, as importantly, for Egypt; reserves maturation and management to extract maximum value from our existing portfolio; growing Vaalco in Egypt; and last, but certainly not least, the development, recognition and reward of all our staff.



Diversity and inclusion

Case study (continued)

What has been your experience at Vaalco thus far?

I was happy to be able to hit the ground running. I'm Egyptian, Arabic is my first language and I have worked on and off in Egypt for more than twenty years. I have been made to feel welcome by all. Of course, it takes time to form and cement new relationships, whenever you enter a new company, but everyone has gone out of their way to make my start as good as possible.

It is important to me to maintain close connections with my colleagues in Head Office as well as my counterparts in the other countries, so that we can exchange good practices and learn from each other.

How do you think the business approaches diversity and inclusion?

I really like that Vaalco approaches diversity and inclusion in their broadest sense, understanding and addressing this in all parts of the people process, from hiring, to promoting, to setting compensation, in order to ensure equality and merit as a basis.

I have been a champion of diversity, equity, and inclusion (DE&I) for nearly forty years and was part of the team that started the DE&I movement at BP in the late 1980s. My personal view is that if we create an inclusive culture, diversity will be a given.

Why is this subject important? Because happy employees are productive employees, and who wouldn't be happy with a culture that allows us to bring our true selves to work, where our individuality is accepted and celebrated.

One of my priorities with my team in Egypt is to create a truly inclusive culture that embraces and celebrates diversity. Where every single employee feels valued and able to contribute.

Community engagement

Highlights

Enhanced availability of and access to medical care in Ras Gharib, Egypt

Provided funding to children's charities and funded university refurbishments in Gabon

Supported charities local to our corporate office in Houston, USA

Canada

We are deeply embedded with our local communities and regularly engage with local groups, and charities, providing sponsorship, funding, and support where possible. This year we donated funds to a local hockey league to support their tournament. The competition was attended by our Country Manager and Operations Manager.

Later in the year, we supported a local preschool by helping fund the augmentation of outdoor play structures and activities. This will assist with their learning.

Egypt

We operate in a remote location, situated in the desert, and as a result there are few communities we interact with. However, the Bedouin people do have a presence in the desert, and we continue to invest in their accommodation and provide them with employment opportunities.

Within the JV, PetroBakr has a Social Responsibility Strategy which is committed to operating ethically, contributing to economic and sustainable development, and enhancing the quality of living conditions for local communities and society as a whole.

The efforts align with the ambitions of the Egyptian petroleum sector to support and implement the annual sustainable development plan as part of Egypt Vision 2030.

This plan focuses on three interconnected dimensions: economic, social, and environmental. The projects include supporting the skills of Egyptian youth, with a focus on youth with special needs and skills, developing Egyptian women's skills in all fields, environmental protection projects, and participation in presidential initiatives and the "Decent Life" program.

By aligning our practices with these objectives, the JV plays a role in advancing Egypt's broader sustainability agenda.

During the course of the year we have supported projects to upgrade school facilities and improve access to healthcare services. We also invested in the establishment of the Daira Recycling Center (an incubator) for vocational training in Ras Gharib City, which will focus on development of skills of 200 women in cloth and oil recycling, traditional handicrafts, entrepreneurship, and the green economy.

Community engagement

Case study

Upgrading school facilities in Ras Gharib project

PetroBakr has prioritized initiatives that support education and environmental sustainability.

In alignment with its CSR strategy and with the approval of the Minister of Petroleum and Mineral Resources, the CSR department launched a project to enhance school facilities in two local schools in Ras Gharib.

The project included supplying desks, tables, and chairs for the schools by recycling and reusing unused scrap wood from company operations, thereby also avoiding unnecessary disposal of resources.

Additionally, the project involved upgrading toilets and improving two lecture and seminar halls to ensure students have access to essential facilities. PetroBakr also supplied educational tools to the schools.

This initiative has improved the learning environment for local students who will contribute to the community's future economically. A necessary feature of this program was making environmentally conscious decisions that reflect PetroBakr's commitment to all aspects of sustainable development.

Community engagement

Case study

Provided a medical support to Ras Gharib city

As part of its commitment to supporting national presidential initiatives, including the “Decent Life” program, PetroBakr organized a medical convoy to Ras Gharib city to improve access to healthcare services.

The integrated medical convoy covered a wide range of medical specialties, offering comprehensive health checks and providing all necessary medicines free of charge to residents.

The initiative delivered significant impact, with medical examinations conducted on nearly 2,000 patients. Among those examined, six cases requiring ophthalmology operations were identified and treated successfully at Al-Azhar Hospital, at no cost to the patients.

Through this, PetroBakr aimed to enhance the available health and medical care in the local community, ensuring that vital services are accessible to those who need it most.

Community engagement

Gabon

Our long-standing presence in Gabon, and an in-country team made up predominantly of Gabonese nationals, means that we maintain a deep connection with the country. We have a clear understanding of the challenges faced by local communities and established a dedicated Vaalco CSR Fund to support initiatives that deliver tangible benefits to those communities.

Through the CSR Fund, this year we provided monetary support to a number of organizations including Synergies Enfants (a non-governmental organization (NGO) supporting children's healthcare and education) and NISSI House (a shelter for young girls).

We draw on several sources to identify the projects we choose to fund. We actively engage with NGOs that approach us with requests to support various initiatives.

Our colleagues also have the opportunity to propose projects to senior management for consideration. Additionally, we hold meetings with community leaders in Mayumba, the nearest onshore town to our operations, to gain insight into the community's needs.

Oil and gas companies are also required by the Gabonese government to contribute to development funds under the terms of our Production Sharing Contract (PSC).

Vaalco contributes to the Training Fund, Hydrocarbon Support Fund, Provision pour Investissements Diversifiés (PID) (Fund for Diversification Investment), Provision pour Investissements en Hydrocarbure (PIH) (Fund for Investment in Hydrocarbon), and Local Community Development Fund. However, Vaalco goes beyond the minimum threshold by providing additional funding where necessary.



Our Country Manager, Senior Finance and Commercial Manager, and Government Affairs Manager regularly meet with staff from the Ministry of Hydrocarbons, including the Minister, to discuss the social investment projects that the government wishes the Group to support. These meetings also provide an opportunity to advocate for the programs we would like our funding to be directed toward. We strongly support projects that promote education and community capacity building. The PID/PIH fund, which is our biggest outlay, has been supporting the refurbishment of the University of Masuku in Franceville. This remains an important ongoing project. It also funded sports tournaments in 2024.

Our contribution to the Local Community Development Fund is currently facilitating the completion of the construction of a central market in Mayumba and a technical training center. The decision to support these projects follows discussions with local community leaders and we also recognize the immense socioeconomic benefit to the community given the prevailing conditions of the region. For the training center, we are also contributing to the re-laying of its access road. We continue to help support the Ministry of Hydrocarbons by contributing to their specific Training Fund and also helping fund the Ministry's participation in global energy conferences.

\$8.2m (USD)

donated through PSC requirements in 2024

\$29,330 (USD)

donated through Vaalco CSR Fund in 2024

United States

In July, we collected school supplies for an underserved local school district, helping to provide essential materials for students in need. In August, we participated in the "Heroes for Children" initiative, where our team purchased backpacks and school supplies for children with cancer. As part of this we wrote personalized messages on the backpacks, adding a thoughtful touch to help symbolize our support for them.

We also supported the "Heroes for Children" Christmas campaign, an initiative where we adopted families who support a child battling cancer and bought gifts to bring them joy during the holiday season.

We took part in an environmental initiative, partnering with the Houston Park Board for a tree-planting initiative at a local park. This organization is dedicated to enhancing green spaces across Houston by planting trees and shrubs to increase green cover and help beautify the area.

Equatorial Guinea

Access to drinking water is among the most fundamental human needs but parts of Equatorial Guinea still lack access to a reliable source. In order to ensure our local community has the facilities to sustain their health and wellbeing, Vaalco successfully completed a social project to provide two water wells, one in Moca Cdo., Municipio de Bicurga (Evinayong), and the other in Distrito Urbano de Ayene Cdo. (Niefang).

The initiative was executed by a contractor and included drilling, storage, and pumping systems to ensure reliable access to clean drinking water for the communities. The project was monitored by technicians from the government throughout its construction and was completed in December 2024.

Governing our operations



Overview

Vaalco's business conduct is rooted in the highest ethical standards, and we continue to maintain these as we grow our business.

In response to our expanded operating profile, we have instated a Director, Global IT who will help provide strategic direction to our IT environment and cybersecurity protection.



Business ethics and transparency

Highlights

Maintain high standards of business ethics

Refresher training for employees annually

Hotline to report any instances of unethical behavior

Vaalco remains resolute in its commitment to cultivating a culture anchored in the highest ethical principles. We insist not just on compliance with the jurisdictional legal requirements where we operate, but also on personal accountability and ethical conduct in all company engagements with governments, contractors, business partners, and among ourselves.

We are steadfast in our commitment to prevent corruption and bribery throughout our operations. Our operations are in Gabon, Egypt, and Canada, with non-operated assets in Côte d'Ivoire do not rank within the 20 lowest countries in the Transparency International Corruption Perception Index. However, as of the date of publishing this report, we do have potential resources in Equatorial Guinea, which does rank in the bottom 20.

The Group's Code of Business Conduct and Ethics outlines our expectations for ethical behavior and is applicable to every employee, officer, and director.



Business ethics and transparency

The Group-wide Anti-Corruption Policy states the necessary actions for employees and business partners to undertake in order to maintain compliance with anti-corruption laws and regulations. Our internal audit team oversees compliance with anti-corruption policies and practices.

While knowledge of all relevant laws is not expected from every employee, officer, and director, each individual should have sufficient knowledge to recognize situations requiring consultation with supervisors, managers, other appropriate personnel, or the Group's legal counsel, as needed. We hold our vendors and partners to the same high standards.

We deliver anti-corruption training to employees to ensure they fully understand their responsibilities under anti-corruption laws and regulations. Vaalco provides annual training on the Anti-Bribery and Insider Trading Policy, with completion and overall compliance monitored weekly through an online platform.

In 2024, all employees were required to sign or complete training on the following: Bribery and Corruption: Avoiding the Slippery Slope, Bribery and Corruption: Third-Party Risks, Code of Conduct: Handling Ethical Dilemmas, Global Anti-Bribery and Corruption (Basic), Insider Trading, Drug-free Workplace, and Preventing Discrimination and Harassment for Employees (US).

All vendors are subject to Vaalco's due diligence process which includes running third-party reports identifying potential corruption risks. This year, we made minor tweaks to our insider trading policy and the policy changes were communicated to every employee via email.

With the Insider Trading Policy, our standard protocol stipulates that every employee must be cleared for trades of company stock.

We also make regular announcements including blackout periods which are communicated to every employee prior to their occurrence. The General Counsel and legal department are responsible for overseeing this process.

It is essential for individuals to have the ability to report complaints or concerns about the Group's behavior. Reports can be made anonymously and confidentially at any time through an independent service provider, EthicsPoint, either by phone via their toll-free helpline at +1 (503) 444-4975 or online.

All hotline reports are received by the General Counsel and the Chairperson of the Audit Committee, who assess whether an investigation is required. The General Counsel is responsible for conducting investigations or may delegate this responsibility to external counsel.

The findings of any investigation are subsequently presented to the Audit Committee. We uphold a zero-tolerance policy against any form of harassment or retaliation toward employees arising from complaints related to harassment or discrimination.

Following the expansion of Vaalco's footprint in Côte d'Ivoire, our internal legal counsel team has followed the standard due diligence process for the onboarding of new vendors and contractors. Our significant experience in working in Africa gives us the ability to replicate governance procedures in the country with confidence.

Legal and regulatory environment

Our current business operations are governed by the laws and regulations of Canada, Egypt, Equatorial Guinea, Côte d'Ivoire, Gabon, the United Kingdom, and the United States.

Regulatory authorities in each jurisdiction hold significant influence over our ability to conduct operations.

In Gabon, we primarily communicate the industry's perspective on proposed laws and regulations through UPEGA, the local trade association for the industry. Additionally, we have engaged directly with government officials to address matters such as the CEMAC foreign exchange regulations. National legislation and regulations require us to meet varying standards depending on the jurisdiction.

These requirements may include obtaining permits for development activities, restrictions or bans on drilling in protected or sensitive areas, and controls on substances that can be released during operations. To stay informed of both current and proposed legislation, Vaalco utilizes local counsel who report to the Group on an ad hoc basis.

As we expand into new regions, we are actively working to establish relationships with additional local counsel including in Côte d'Ivoire.

In some cases, Vaalco may be held accountable for environmental damage, even if the Group was not directly responsible for its cause. Liability may arise from actions by past owners or operators of properties we acquire or lease. Certain environmental statutes impose strict liabilities for the cleanup of hazardous substance releases, making us accountable for environmental damage regardless of negligence or fault.

This could result in significant financial obligations to both government bodies and third parties, including substantial costs for environmental remediation.

We are also focused on ensuring compliance with emerging climate change legislation and regulations across our portfolio. We collaborate with external consultants to stay informed about the Group's exposure to transitional, physical, and legislative climate risks. For instance, in Canada, we closely monitor the development of the carbon tax at both federal and provincial levels.

At Group level, our ESG Engineer oversees all environmental matters, working alongside external consultants to maintain vigilance and uphold our compliance responsibilities.

Data and IT security

Highlights

Newly appointed Director, Global IT for strategic oversight

Engage industry-leading service providers to manage IT security for the Group

Constant consideration of new and emerging data and IT security risks

Given the nature of our business, we encounter threats to the security of our data and IT systems.

To reduce the risk of third-party attacks, it is essential to establish robust oversight and procedures for addressing cybersecurity issues, alongside implementing effective control mechanisms.

This year, we internally promoted an individual to establish the role of Director, Global IT. We evolved the structure such that in addition to having oversight of global IT and cybersecurity matters, the individual will be responsible for setting global direction and creating strategies for Vaalco's IT environment. The individual reports directly to our Chief Financial Officer and meets with him on a fortnightly basis.

Our Director, Global IT maintains Group-wide oversight of cybersecurity, and is supported by local IT managers in Houston, Gabon (onshore and offshore), and Egypt. Canada's IT requirements are managed by the Director, Global IT.

Users in remote locations or areas with minimal staff, such as London, Equatorial Guinea, and Côte d'Ivoire, are supported by Houston's IT manager.

In 2024, the IT team provided foundational support for the ERP implementation helping ensure user accessibility and effective running of the application. The team also supported the transfer of technology and IT infrastructure as well as the migration of systems to the new office in Houston.

A key development this year was also supporting the automation of manual processes. This involved the IT team working cross-functionally with different teams to build out workflows and power automatic tools that will bring efficiency gains and reduce risk of errors.

Crucially, Gabon's offshore facilities were upgraded this year to improve communications.

Employee awareness

The IT Security Policy defines our approach to cybersecurity and specifies the protocols that must be followed by everyone with access to our network, including contractors. All individuals are required to read, sign, and adhere to this policy.

We refreshed our User Account Management Policy, Internet Use Policy, and the Artificial Intelligence Policy to enhance their relevance and will continue to adapt them further as needed.

Harmonizing IT processes across the new offices has been a primary focus. To embed Group-wide cybersecurity awareness, we provide quarterly training for all employees Group-wide and reinforce this knowledge through Town Hall meetings.

We also conduct monthly phishing drills among employees, tracking interactions with simulated phishing emails. Employees who fail to recognize the fraudulent messages are required to complete additional training sessions. In 2024, our workforce achieved a 96% success rate in avoiding phishing attempts, surpassing the industry standard of 94.4% for companies of a similar profile.

Management systems

Our goal is to utilize best-in-class technologies that remain resilient against emerging cybersecurity threats. We engage managed service providers (MSP) through short-term contracts and evaluate their performance annually, allowing us the flexibility to switch to a different MSP if a higher standard of service is identified.

Our current MSP provides access to a comprehensive international suite of cybersecurity tools, along with continuous support in case of any issues. However, as Vaalco’s needs continue to grow, the current MSP’s services will be reviewed to ensure alignment with our evolving requirements.

Our cybersecurity measures are robust and include the following: an Endpoint Detection and Response (EDR) system that monitors intrusions around the clock, the ability to remotely locate and erase data on all devices, antivirus software and email security systems, multifactor authentication for employee network access, and regular system backups in compliance with regulatory standards.

To test the strength of our defenses, we also perform regular penetration testing. A key responsibility of the IT security team is managing the communications element of the Disaster Recovery Plan for offshore operations. To ensure uninterrupted communication between offshore platforms and onshore offices, multiple methods of contact are available should one system fail.

We carry out rigorous due diligence checks on all external parties requiring network access, a process overseen by our procurement department. If a third party experiences a breach in their systems, we immediately revoke their access.

All external entities are required to comply with our IT Security Policy and must also sign a confidentiality agreement. Additionally, our systems undergo annual audits to ensure they adhere to industry-leading standards.

96%

success rate of workforce in phishing tests

Appendix





Data tables

Topic	Accounting metric		Unit of measure	Code	2023	2024
Greenhouse gas emissions	Scope 1 emissions	Stationary Facilities Scope 1 emissions	Metric tons CO ₂ -e		229,113	223,484
		The 2024 GHG emissions and intensity included Côte d'Ivoire's emissions from May 1st to December 31st pro-rated and considering the equity share of 27.39%.				
		Percentage of stationary facilities Scope 1 emissions that is methane	Percentage (%)		38%	43%
		Mobile Equipment Scope 1 emissions	Metric tons CO ₂ -e		21,386	15,378
		Percentage of mobile equipment Scope 1 emissions that is methane	Percentage (%)		0%	0%
		Gross global Scope 1 emissions	Metric tonnes CO ₂ -e (t)	EM-EP-110a.1	250,498	238,862
		Percentage of Gross global Scope 1 emissions that is methane	Percentage (%)	EM-EP-110a.1	34%	12%
		Percentage covered under emissions-limiting regulations	Percentage (%)	EM-EP-110a.1		Not available. We continually monitor regulations in our areas of operation.
		Amount of gross global Scope 1 emissions from flared hydrocarbons	Metric tonnes CO ₂ -e	EM-EP-110a.2	41,355	36,849
		Amount of gross global Scope 1 emissions from other combustion	Metric tonnes CO ₂ -e	EM-EP-110a.2	85,706	101,096
		Amount of gross global Scope 1 emissions from process emissions	Metric tonnes CO ₂ -e	EM-EP-110a.2	0	0
		Amount of gross global Scope 1 emissions from other vented emissions	Metric tonnes CO ₂ -e	EM-EP-110a.2	97,183	80,305
		Amount of gross global Scope 1 emissions from fugitive emissions	Metric tonnes CO ₂ -e	EM-EP-110a.2	2,812	5,233
		GJ (BOE)			69,900,275	71,319,942
		g CO ₂ e/MJ (BOE)			6.90	3.13
		Scope 1 emissions intensity kilograms CO ₂ e/BOE			21.93	20.50
		Global emissions intensity kilograms CO ₂ e/BOE			22.32	20.86
		Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		EM-EP-110a.3		Pages 25-34
		Scope 2 emissions	Scope 2 emissions (purchased electricity)	Metric tonnes CO ₂ -e		4,793
	2024 figure includes all VAALCO offices, the Egyptian office (shared with JV), and Canadian operations.					
	Percentage of Scope 2 emissions that is methane				0.18%	0.14%
	Purchased electricity (in kilowatt hours)		kwh		5,804,144	7,735,211
Canada's factor went from 0.64 in 2023 to 0.49 in 2024 According to National Inventory Report, Greenhouse gases International agreements https://publications.gc.ca/site/eng/9.506002/publication.html .						
Air quality	Air emissions of the following pollutants:	(1) NOx (excluding N ₂ O),	Metric tonnes (t)	EM-EP-120a.1	1,185	1,165
		(2) SOx,	Metric tonnes (t)	EM-EP-120a.1	1,742	1,516
		(3) volatile organic compounds (VOCs), and	Metric tonnes (t)	EM-EP-120a.1	234	261.11
		(4) particulate matter (PM10)	Metric tonnes (t)	EM-EP-120a.1	49	56.20

Topic	Accounting metric		Unit of measure	Code	2024
Water management	As we have updated our calculation methodology for water management data, the figures for 2024 will now serve as the baseline.				
	Water withdrawn	(1) Total water withdrawn	Thousand cubic metres (m³)	EM-EP-140a.1	88
		Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress	Percentage (%)	EM-EP-140a.1	85.69%
	Water consumed	(2) Total water consumed	Thousand cubic metres (m³)	EM-EP-140a.1	79
		Percentage of water consumed in regions with High or Extremely High Baseline Water Stress	Percentage (%)	EM-EP-140a.1	83.97%
	Produced water and flowback generated	Volume of produced water	Thousand cubic metres (m³)	EM-EP-140a.2	10,492
		Volume of flowback generated	Thousand cubic metres (m³)	EM-EP-140a.2	7
		(1) percentage discharged	Percentage (%)	EM-EP-140a.2	61.08%
		(2) percentage injected	Percentage (%)	EM-EP-140a.2	38.92%
		(3) percentage recycled	Percentage (%)	EM-EP-140a.2	0%
		Hydrocarbon content in discharged water	PPM	EM-EP-140a.2	2.81PPM
		Percentage of days that are below MARPOL requirements for 24-hour and 30 day limitations			100%
	Total potable water used		Thousand cubic metres (m³)		50,013
	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used		Percentage (%)	EM-EP-140a.3	83%
	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline		Percentage (%)	EM-EP-140a.4	Not measured at this time.
Waste management	Percentage of waste to landfill		Percentage (%)		19%
	Percentage of waste recycled		Percentage (%)		32%

Data tables

Topic	Accounting metric		Unit of measure	Code	2023	2024
Biodiversity Impacts	Description of environmental management policies and practices for active sites			EM-EP-160a.1		Pages 59-63
	Hydrocarbon spills	Number of hydrocarbon spills	Number, Barrels (bbls)	EM-EP-160a.2	53	31
		Aggregate volume of hydrocarbon spills	Number, Barrels (bbls)	EM-EP-160a.2	162.26	32.19
	Volume in Arctic		Number, Barrels (bbls)	EM-EP-160a.2		Not applicable to our business.
	Volume impacting shorelines with ESI rankings 8-10		Number, Barrels (bbls)	EM-EP-160a.2	0	0
	Volume recovered		Number, Barrels (bbls)	EM-EP-160a.2	162.26	30.30
	Number of recordable spills					1
	Tier 1 LOPCs				0	0
	Tier 2 LOPCs				0	0
	Percentage of (1) proved reserves in or near sites with protected conservation status or endangered species habitat		Percentage (%)	EM-EP-160a.3	78%	20%
	The percentage drop is a result of acquiring reserves and resources in Côte d'Ivoire of size and scale that are not situated in conservation areas hence reducing the Group's exposure. The identification of no Egyptian Vulture breeding and residence regions in Egypt have also contributed to this reduction.					
	Percentage of (2) probable reserves in or near sites with protected conservation status or endangered species habitat		Percentage (%)	EM-EP-160a.3	78%	20%
	The percentage drop is a result of acquiring reserves and resources in Côte d'Ivoire of size and scale that are not situated in conservation areas hence reducing the Group's exposure. The identification of no Egyptian Vulture breeding and residence regions in Egypt have also contributed to this reduction.					
Diversity and Inclusion	Percentage of our management team that is female		Percentage (%)		16%	18%
	For 2023 and 2024, the company defined management team is considered to include: Executive, VP, Director, and Manager/Supervisor (by title).					
	Percentage of our workforce that is local		Percentage (%)		96%	94%
Personnel	Percentage of supply chain team that is hired from the local communities in which we operate		Percentage (%)		70%	90%
	Number of employees		Number		196	230
	Number of Executive team members		Number		4	4
	Number of Executive team that is female		Number		0	0
	Number of VP team members		Number		11	13
	Number of VP team that is female		Number		3	5
	Number of Directors		Number		10	13
	Number of Directors that are female		Number		2	2
	Number of Managers/Supervisors (by title)		Number		39	42
	Number of Managers/Supervisors (by title) that are female		Number		5	6
	Number of individual contributors		Number		132	158
	Number of individual contributors that are female		Number		42	42

Topic	Accounting metric	Unit of measure	Code	2023	2024
Security, Human Rights & Rights of Indigenous Peoples	Percentage of (1) proved reserves in or near areas of conflict	Percentage (%)	EM-EP-210a.1	0%	0% (Since 2021, any conflict has been isolated to a peninsula hundreds of kilometers from our areas of operation in Egypt.)
	Percentage of (2) probable reserves in or near areas of conflict	Percentage (%)	EM-EP-210a.1	0%	0% (Since 2021, any conflict has been isolated to a peninsula hundreds of kilometers from our areas of operation in Egypt.)
	Percentage of (1) proved reserves in or near indigenous land	Percentage (%)	EM-EP-210a.2	0%	0%
	Percentage of (2) probable reserves in or near indigenous land	Percentage (%)	EM-EP-210a.2	0%	0%
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict		EM-EP-210a.3		0% of our operations are in or near indigenous land.
	0% of our operations are in or near indigenous land. Under the UCDP we recognise that Egypt is recognised a state with conflict, but since 2021, any conflict has been isolated to a peninsula hundreds of kilometers from our areas of operation in Egypt; we have therefore not required engagement processes or due diligence practices relating to areas of conflict.				
Community relations	Discussion of process to manage risks and opportunities associated with community rights and interests		EM-EP-210b.1		Pages 81-85
	Number of non-technical delays	Number	EM-EP-210b.2	0	0
	Duration of non-technical delays	Days	EM-EP-210b.2	Not applicable	Not applicable
	Total committed to Vaalco Corporate Social Responsibility (CSR) Fund (Gabon)	Reporting currency (\$USD)		249,643	29,330
	Total funding through PSC requirements(Gabon)	Reporting currency (\$USD)			8,174,182
	Commitments in USD to the Training Fund (Gabon)	Reporting currency (\$USD)		720,000	0
	As part of our commitment to the state and the embedded commitment to the Training Fund, we make payments on an ad hoc basis when projects are identified, and input is received. These payments may not always align with calendar years and depending on the size and scale of the project, we may see multiple payments occurring within a single year. The 2024 figure represents funds agreed to invest from 2020-2022 but were later consolidated into a single payment in 2023.				
	Commitments in USD to the Hydrocarbon Support Fund (Gabon)	Reporting currency (\$USD)		1,624,942	143,095
	Commitments in USD to the Provision pour Investissements Diversifiés - "PID" (Fund for Diversification Investment) (Gabon)	Reporting currency (\$USD)		1,077,786.50	3,919,076
	Commitments in USD to the Provision pour Investissements en Hydrocarbure - "PIH" (Fund for Investment in Hydrocarbon) (Gabon)	Reporting currency (\$USD)		1,077,786.50	3,919,076
	The same amount is committed to both the PID and PIH funds.				
	Commitments in USD to the Local Community Development Fund (Gabon)	Reporting currency (\$USD)		1,120,295	192,935

Data tables

Topic	Accounting metric		Unit of measure	Code	2023 Egypt Petrobakt	2023	2024 Egypt Petrobakt	2024
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) for	(a) full-time employees	Rate, Hours (h)	EM-EP-320a.1	0.40	0.362	0	0.19
		(b) contract employees	Rate, Hours (h)	EM-EP-320a.1	0.63	0.362	0	
	(2) fatality rate for	(a) full-time employees	Rate, Hours (h)	EM-EP-320a.1	0	0	0	0
		(b) contract employees	Rate, Hours (h)	EM-EP-320a.1	0	0	0	
	(3) near miss frequency rate (NMFR) for	(a) full-time employees	Rate, Hours (h)	EM-EP-320a.1	1.20	1.08	0.61	1.86
		(b) contract employees	Rate, Hours (h)	EM-EP-320a.1	0.45	1.08	0.41	
	We do not have a distinction between full-time employees (FTE) and contractors for health and safety metrics for Vaalco operations, whilst the incorporated JV partnership tracks such data.							
	(4) average hours of health, safety, and emergency response training for	(a) full-time employees	Rate, Hours (h)	EM-EP-320a.1	7.46	8.96	15.1	8.96
		(b) contract employees	Rate, Hours (h)	EM-EP-320a.1	6.63	9.28	18.7	9.28
	Assigned total number of health, safety, and emergency response training	(a) full-time employees	Rate, Hours (h)			28	123	28
		(b) contract employees	Rate, Hours (h)			29	150	29
	Number of emergency responses drills undertaken	Number of emergency responses drills undertaken					12	147
	Total man hours	(a) full-time employees	Rate, Hours (h)		1,003,118		981,683	
		(b) contract employees	Rate, Hours (h)		2,238,844		1,958,102	
		All employees	Rate, Hours (h)		3,241,962	1,104,706.73	2,939,785	1,079,385
	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle		Rate, Hours (h)	EM-EP-320a.2				Pages 38-58
Critical Incident Risk Management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)		Rate	EM-EP-540a.1	0	0	0	0
	Description of management systems used to identify and mitigate catastrophic and tail-end risks			EM-EP-540a.2				Pages 53, 55, and 58
Process safety	Percentage of planned maintenance completed on schedule		Percentage (%)				82%	76%
	Number represents information from all countries except Côte d'Ivoire							
	Percentage of wells/pipeline/operations with [good] asset integrity status		Percentage (%)				71%	88%
	Number represents information from all countries except Côte d'Ivoire							

Topic	Accounting metric		Unit of measure	Code	2023	2024
Business Ethics & Transparency	Percentage of (1) proved reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception (TICP) Index		Percentage (%)	EM-EP-510a.1		Page 89
	Percentage of (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index		Percentage (%)	EM-EP-510a.1		Page 89
	Description of the management system for prevention of corruption and bribery throughout the value chain			EM-EP-510a.2		All vendors are subject to VAALCO's due diligence process which included running third-party reports identifying potential corruption risks. Page 90
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry			EM-EP-530a.1		Page 91
Data and IT security	Workforce success rate on phishing tests		Percentage (%)		95%	96%
	Number of data breaches		Number			0
Activity metrics	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions			EM-EP-420a.1		Pages 32-33
	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves		Metric tons (t) CO -e	EM-EP-420a.2		Vaalco is not currently calculating the estimated CO2 emissions embedded in our proved hydrocarbon reserves.
	Amount invested in renewable energy		Presentation currency	EM-EP-420a.3	0	n/a
	Revenue generated by renewable energy sales		Presentation currency	EM-EP-420a.3	0	n/a
	Discussion of how price and demand for hydrocarbons or climate regulation influence the capital expenditure strategy for exploration, acquisition and development of assets			EM-EP-420a.4	-	Page 32
	Production of:	Crude Oil (Mbbl/day)	Thousand barrels per day (Mbbl/day)	EM-EP-000.A	10,908.76	10,717
		Natural Gas (Mscf/day)	Thousand standard cubic feet per day (Mscf/day)	EM-EP-000.A	8,430.53	10,726
		The 2023 figure has been restated.				
	Synthetic oil		EM-EP-000.A		0	

Data tables

Topic	Accounting metric		Unit of measure	Code	2023	2024
Activity metrics	Production of:	Synthetic gas		EM-EP-000.A		0
		Gas Production (MMscf)	MMscf		3,077.15	3,724
		Production MBOE	MBOE		11,421.61	11,654
		Crude Oil, Bbl/d	Bbl/d		29,147.28	30,745
		NGLs, Bbl/d	Bbl/d		739.73	844
		Equivalent, BOE/d	BOE/d		31,709	41,002
	Gross Proved Reserves	Crude Oil, MBbls	MBbls		40,270	101,020
		NGLs, MBbls	MBbls		3,221	3,180
		Natural Gas, MMscf	MMscf		18,946	42,263
		Equivalent, MBOE	MBOE		46,649	111,382
	Number of offshore sites	Gross Offshore Acreage	Acres	EM-EP-000.B	46,209 acres	93,009
		We have restated the 2023 figure to align the units of measurement.				
		Gross Productive Wells	Number		18	26
		Offshore Structures	Number		4	5
		Gross Onshore Acreage	Acres	EM-EP-000.C	128,472	130,414
		Gross Productive Wells	Number		235	128
	Gross Acreage offshore and onshore	Gross Acreage offshore and onshore	Acres		128,659	223,423

Forward-Looking Statements

This report includes “forward-looking statements”. Where a forward-looking statement expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis.

All statements other than statements of historical fact may be forward-looking statements for purposes of federal and state securities laws and other international laws.

The words “anticipate,” “believe,” “expect,” “intend,” “aim,” “continue,” “commitment,” “drive,” “will,” “could,” “should,” “strive,” “may,” “ambition,” “plan,” “focused” and “probably” or similar words may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Forward-looking statements in this document may include, but are not limited to, statements relating to our environmental, social and governance and sustainability strategies, commitments, policies, initiatives and programs; future economic conditions or performance; proposed new developments; statements of belief or expectation; and any statements of assumptions underlying any of the foregoing or other future events.

Such forward-looking statements are subject to risks, uncertainties and other factors, many of which are beyond our control, which could cause actual results or outcomes to differ materially from those expressed, projected or implied by the forward-looking statements.

Please see our risk factors, as they may be amended from time to time, set forth in our filings with the SEC, including our most recently filed Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q.

There may be other factors not presently known to us or which we currently consider to be immaterial that could cause our actual results to differ materially from those projected in any forward-looking statements we make.

Any forward-looking statement speaks only as of the date of the applicable communication. We disclaim and do not undertake any obligation to update or revise any forward-looking statement in this report, except as required by applicable law or regulation.

Notes



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